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## CHINA

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DENG XIAOPING'S SPEECH ON LEADERSHIP REFORM

OW300250 Beijing XINHUA in English 0150 GMT 30 Jun 87

[ "Deng on Defects of China's Leadership System"--XINHUA headline]

[Text] Beijing, June 30 (XINHUA)--Bureaucracy, over-concentration of power, patriarchal methods, life tenure in leading posts and privileges of various kinds are the major problems in China's current leadership and the cadre systems of the party and state.

Chinese leader Deng Xiaoping said this in his speech, "On the Reform of the Party and State Leadership System," which was republished today.

The speech was made to an enlarged meeting of the Political Bureau of the Central Committee of the Communist Party of China seven years ago.

Unless those problems are conscientiously reformed, Deng warned, "We can hardly expect to meet the urgent need of modernization and we are liable to become seriously alienated from the masses."

Deng considered bureaucracy "a major and widespread problem" in the political life of the party and state. Its harmful manifestations include standing high above the masses, abusing power, divorcing oneself from reality and the masses, indulging in empty talk, sticking to rigid way of thinking, being hidebound by convention, overstaffing administrative organs, being dilatory, inefficient and irresponsible, reprimanding others at every turn, suppressing democracy, practising favoritism, offering bribes, and participating in corrupt practices, flouting the law.

Bureaucracy is closely connected with China's highly centralized management in the economic, political, cultural and social fields, which have long been regarded as essential for the socialist system and for planning, Deng analysed.

The leading organs at various levels have taken charge of many matters which they should not and can not handle, or can not handle efficiently, Deng said, adding that this can be said to be "one of the main causes of the bureaucracy peculiar to us" today.

Another cause is that for a long time China has had no strict administrative rules and regulations, and no system of personal responsibilities, Deng said.

What is more, he pointed out, China has no regular methods of recruiting, rewarding and punishing cadres as well as their retirement, resignation or removal. This inevitably results in overstaffing, which, in turn, fosters the proliferation of bureaucracy.

Over-concentration of power in the hands of an individual or of a few people exists, in varying degrees, in leading bodies at all levels throughout the country, Deng claimed, and the phenomenon, influenced by feudal autocracy in China's own history, is becoming more and more incompatible with the development of socialism.

Many places and units have patriarchal personages with unlimited power, and everyone else has to be absolutely obedient or even personally attached to them, Deng noted. "Unless such ways are eliminated once and for all, the practice of inner-party democracy in particular and of socialist democracy in general is out of the question."

While working to eliminate feudal influences in the political and ideological field, China must not in the least neglect or slacken criticism of bourgeois and petty-bourgeois ideologies, of ultra-individualism and anarchism, he said.

All the defects of the leadership and cadre systems "bear the stamp of feudalism to one degree or another," Deng said.

In endeavoring to eliminate feudal influence, China must effectively restructure and improve the system of the party and state in such a way as to ensure institutionally the practice of democracy in political life, in economic management and in all other aspects of social activity, Deng stressed.

With the increasing international contacts in recent years, instances of worshipping things foreign, or fawning on foreigners have begun to appear, owing to the influence of the decadent ideology, work style and way of life of the bourgeoisie abroad, Deng pointed out.

"And such a phenomenon may increase in the future," Deng emphasized. "This is by no means a trivial problem, we must take it seriously and solve it."

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CSO: 4000/120

POLITICAL

XIZANG RADIO URGES STUDY OF DENG XIAOPING 'THOUGHT'

HK020309 Lhasa Xiyang Regional Service in Mandarin 1030 GMT 2 Jul 87

[Station Commentary: "A Guiding Document for China's Political Structural Reform--Study Deng Xiaoping's Speech at the Enlarged Meeting of the CPC Central Committee Political Bureau"]

[Excerpts] Comrade Deng Xiaoping's important speech was discussed and approved by the CPC Central Committee Political Bureau. Although 7 years have passed since then, this speech remains of major practical and far-reaching historical significance. The imminent 13th Party Congress will propose ideas on political structural reform. The spirit of Comrade Deng Xiaoping's speech will play an important guiding role in this respect.

While commemorating the party's birthday and studying this speech, we should pay particular attention to seriously studying, appreciating, understanding, publicizing, and implementing Comrade Xiaoping's series of thought since the Third Plenary Session, such as his thought--first proposed by him--on proceeding from reality and building socialism with Chinese characteristics, his thought on adhering to the four cardinal principles and opposing bourgeois liberalization, his thought on economic structural reform, opening up the world, and building socialist spiritual civilization, an in particular his thoughts on political structural reform and its key issue, the reform of the party and state leadership system. He has given many incisive expositions on these questions. This thought of Comrade Xiaoping is the summation of our party's practical experiences and the crystallization of its collective wisdom. It is an example of integrating the universal truth of Marxism with China's realities. It is a major development of Marxism in China. It is new development of the party's theory in the 8 years since the 3d Plenary Session of the 11th CPC Central Committee. It is living Marxism in the vast land of China in the new period. It has added many new contents to scientific socialism.

The party organizations at all levels must do a good job in organizing the party members and cadres, and first of all the party's leading cadres at all levels, to seriously study this speech.

We should weigh up and check on work in Xizang in the light of the thought embodies in Comrade Xiaoping's speech. We should say that in recent years the party organizations and people's government at all levels, party members,

cadres, and workers and staff in Xizang have worked very hard in recent years, bringing about encouraging changes in the political and economic situation in the region.

The party organizations and members throughout Xizang should, in close connection with reality, seriously study this speech, to enhance understanding and unify their thinking. We should bring the thinking of the whole party into line with this speech and Comrade Deng Xiaoping's thought on reform, so as to contribute to building socialism with Chinese characteristics. We should be qualified party members suited to the new era and the new tasks.

/12232

CSO: 4005/0881

MAJOR TRENDS PROMOTING SOCIALISM ANALYZED

HK230513 Beijing GUANGMING RIBAO in Chinese 27 Apr 87 p 3

[Article by Qian Diqian (6929 2107 0578): "On the Three Contemporary Progressive Trends That Enhance the Advancement of the Socialist Cause"--  
passages within slantlines published in boldface]

[Text] /Abstract: This article that although the post-war economic development and reforms carried out by the capitalist countries have played a certain role in stabilizing the capitalist order, they have not solved and will never solve the fundamental contradictions within the capitalist system. Although socialist countries have repeatedly suffered from setbacks and errors, the reforms which are presently being carried out by socialist countries are infusing fresh vitality into socialism. The labor movement and socialist movement in the capitalist countries, the reforms of socialist countries, the Third World countries' struggle against hegemonism, capital plunder, and the old economic order have become the three major contemporary trends that have enhanced the advancement of the socialist cause. The replacement of capitalism by socialism is still the major trend of development inhuman society./ [End abstract]

After having seen the relatively rapid development of the capitalist productive forces and the slight mitigation of the contradiction between the bourgeoisie and the proletariat in the post-war period, some people both at home and abroad have now begun to doubt and waver in the historical law which dictates that socialism will naturally replace capitalism. However, as long as we carry out an in-depth study on his question in light of the various new situations in the world, we will find that socialism replacing capitalism is still an irrefutable truth. Compared with the situation before World War II< the socialist cause, instead of being weakened, has advanced forward and now has more profound international influence. The three major trends in the contemporary world, which will be mentioned in this article, have become the powerful motivating force that enhances the advancement of the socialist cause. This article will briefly analyze this new question.

/The First Trend: The Struggle of the Working Class in Developed Capitalist Countries and Explorations for a Way To Realize Socialism Carried out by Marxist Political Parties in Developed Capitalist Countries/

The economies of developed capitalist countries in the West really developed relatively rapidly between the 1950's and the beginning of the 1970's. There are several reasons for the emergence of this new situation. First, this new situation was inseparable from the rapid development of science and technology and the rapid transformation of the scientific and technological achievements into the productive forces in the post-war period. It is true that the new technological revolution which has sprung up since the 1940's has made a series of major breakthroughs in science. As a result, new technological groups have emerged and new productive forces, which are more powerful than those created by the two previous technological revolutions, have also been created. Dialectical materialism holds that people's understanding of the law governing the development of nature will only be gradually deepened in the struggle for production and scientific experiments. This successive process of understanding will never end. Major breakthroughs in one or more branches of learning have naturally brought about a series of major changes and development in other branches of learning, which have in turn resulted in large-scale developments in science, technology, and the productive forces.

Second, the various reform policies and measures adopted by the capitalist countries in the post-war period are also an important reason for the relatively rapid development of the productive forces. The major reform policies and measures adopted by the capitalist countries were: 1) "Nationalization;" Capitalist countries have mainly nationalized the arms industry, relevant enterprise departments, departments which provide power, raw materials, transportation and communications, and other basic conditions to private enterprises, the whole society, the big banks, etc., which are of vital importance to the nation's financial lifelines. 2) Strengthening the role of the state in regulating the economy. The state "regulates" and "guides" the economy mainly by making "economic plans," formulating economic laws and regulations, and using investments, credit, and other economic methods. 3) Practicing the so-called measure of "letting workers participate in management," the "democratization of capital," etc. 4) Implementing the welfare system. These measures have indeed produced some positive results. the nationalization and the state and its taking part in regulating the economy have mitigated a contradiction between capitalist private ownership and the socialization of production to a certain extent. Workers' "participation in management" and the implementation of social welfare measures have also objectively improved the positions of some workers in production and raised living standards of some workers. As a result, workers' enthusiasm in production has been mobilized to a certain extent.

The contradiction between the increasing socialization of capitalist production and the parochialism of the capitalist relations of production is becoming sharper and sharper. This is the most fundamental reason why the capitalists have had to regulate themselves on a scope allowed by the relations of capital. Moreover, another long-ignored important reason is the challenge socialism poses to capitalism. From the October Revolution to the first few years of the post-war period, the socialist system achieved victories in one country after another and was also further consolidated and developed. This situation posed a big threat to capitalism. The advanced

social system, the rapidly developing economic strength, and the civilized and stable social environment of the socialist countries greatly encouraged the struggle of the working class in capitalist countries and fundamentally threatened the very existence of capitalism. As a result, the bourgeoisie had to implement some reforms in order to maintain its own existence and development in the sharp conflict and keen competition between the two social systems.

However, the reforms implemented by the bourgeoisie have not been able to fundamentally solve the contradiction between the socialization of capitalist production and capitalist private ownership. So-called "nationalization" has only seemingly resulted in the "public ownership" of the means of production. However, in nature, because the political power of capitalist countries is actually controlled by the monopoly capitalist groups, "nationalization" is only a form adopted by the monopoly bourgeoisie to control the means of production and exploit the workers to the greatest extent and is a form of private ownership carried out by the monopoly bourgeoisie, which refers to the big capitalist groups. The workers' participation in management is mainly the objective demand of the development of the productive forces. Thus, the capitalist nature of production in capitalist countries has not yet been changed.

The improvement in the living standard of workers has not changed the working class' exploited position. The improvement in the living standard of workers is first of all reflected in the rise in workers' wages. Under the capitalist system, the labor force is a commodity and wages are the currency form of the value of the labor force. The value of the labor force consists of the value of the means of subsistence needed for maintaining and reproducing the labor forces. The value of the labor force changes along with the development of the economy and culture. During the early period of the development of capitalism, the value of the labor force was only the value of the minimum means of subsistence of the workers. When advanced technology is used in production, the workers need to have a higher scientific and cultural standard, so expenditures on the education and training of workers has increased. At the same time, along with economic and cultural development, a lot of commodities which were formerly not daily necessities for workers have become their daily necessities and have become the means of subsistence needed for maintaining and reproducing the labor force. Therefore, changes have also naturally taken place in workers' wages, which reflect the value of the labor force. Otherwise it would have been impossible to continue to carry out capitalist reproduction. The social welfare measures adopted by capitalist countries mainly consist of social insurance and welfare subsidies. The funds earmarked for social welfare in capitalist countries mainly come from insurance taxes paid by workers and other types of revenues. The funds earmarked for social welfare in capitalist countries are part of the value of the labor force and also the transformation in workers' wages. In 1984, in the United States the social welfare funds gathered from various types of workers accounted for nearly 30 percent of the total amount of the before-tax wages of the workers, while the various types of taxes paid by the workers accounted for 35 percent of the total amount of the before-tax wages of the

workers. From this we can see that capitalist countries collect only part of workers' wages and then make overall arrangements and redistribute the funds in a unified way through various channels. Therefore, the capitalists have not earned less and the working class' exploited position has not been changed as a result of the introduction of social welfare measures. On the contrary, the proportion the working class can get from the total amount of social wealth produced by the working class itself has continuously been reduced and the working class itself has continuously been reduced and the working class is now under heavier exploitation. According to statistics provided by U.S. NEWS & WORLD REPORT, the actual incomes of U.S. workers (the nominal wages and other income from various types of welfare with taxes and price increases factored in) increased by 98.3 percent in 1983 as compared with those in 1948. However, at the same time, the proportion of the national income workers' actual incomes dropped from 29.7 percent to 25.8 percent while the rate of surplus value rose from 236.7 percent to 287.6 percent.

Even though the living standard of the working class has greatly improved, it is still impossible for the working class to lose its revolutionary consciousness. Marxism believes that whether a certain social class is a revolutionary class or not, and has revolutionary consciousness and revolutionary demands or not, is determined by the social position of the social class concerned, including its economic and political positions. Although the living standard of a social class is closely related to the social position of the social class concerned, the living standard of the social class is not equivalent to the social position of the social class. In primitive society, although the living standard of mankind was very low, there was no revolution in which one class overthrew another. Since mankind became a class society, the living standard of mankind, including the living standard of the oppressed class, has become much higher compared to that in primitive society, but social revolutions have still erupted, one after another. The fundamental reason is because the exploiting and the exploited exist in socioeconomic relations and the oppressing and the oppressed exist in sociopolitical relations. Obviously, it is unrealistic to take the living standard as the criterion for judging whether a social class has a revolutionary consciousness or not.

The realistic situation in capitalist countries shows that there are a growing number of incurable diseases covered by superficial prosperity: 1) Economic crises have frequently broken out. Since the end of World War II, 7 economic crises have broken out in Japan; 5 economic crises have broken out in France; 6 economic crises have broken out in Italy; 7 economic crises have broken out in the United Kingdom; 6 economic crises have broken out in the Federal republic of Germany; and 7 economic crises have broken out in the United States. These new economic crises are not simply periodic economic crises caused by overproduction, but are interrelated with inflation, stagnant production, financial crises, and energy crises. All these crises together form a comprehensive incurable disease. 2) Since the 1970's, the economies of capitalist countries have tended to stagnate. Between 1974 and 1979 the gross national product of various developed capitalist countries averagely grew by only 2.7 percent every year, a 50-percent decrease compared with the 5 percent

increase rate during the period between 1961 and 1973. The rate of increase in the gross national product of developed capitalist countries further dropped to 1.5 percent in 1980. 3) Labor productivity has increased very slowly. Within the 5 years between 1968 and 1973, industrial labor productivity in developed capitalist countries averagely increased by 4.9 percent annually. However, within the 5 years between 1973 and 1978, industrial labor productivity in developed capitalist countries averagely increased by only 1.9 percent annually. The rate of increase in industrial labor productivity in developed capitalist countries further dropped to 1.2 percent during the period between 1979 and 1985. 4) Unemployment situation has become very serious. In 1981 there were a total of 9.5 million unemployed in the United States, and the unemployment rate was 8.9 percent; there were a total of 1.7 million unemployed in the Federal Republic of Germany, and the unemployment rate was 7.3 percent; there were a total of nearly 3 million unemployed in the United Kingdom, and the unemployment rate was 12.2 percent; there were a total of 2.02 unemployed in France, and the unemployment rate was 9 percent. From 1982 to 1985, the unemployment rate of the whole capitalist world remained at a very high level. This situation continued till March 1986 when the unemployment rate of the EEC countries was still 11.4 percent. Under these circumstances, the workers' movement and the movement aimed at realizing socialism in developed capitalist countries doubtlessly experienced tremendous development. The strikes and struggles of the working class and other working people have continued since the end of World War II. In 1975, 5,031 workers' strikes broke out in the United States and 17.46 million people took part in those strikes. In 1976, 5,600 workers' strikes broke out in the United States and 25 million people took part in those strikes. Other Western countries also experienced the same situation during that period.

In the struggle against capitalist rule white-collar workers and white-collar trade unions have attracted people's attention in particular. According to U.S. newspaper reports, the trade union movement in the United States is now in a period of white-collar trade unions after passing through the period of skilled handicraft industrial trade unions and the period of industrial trade unions. Since the 1960's, white-collar trade unions in the United States, the United Kingdom, France, Italy, Sweden, and other developed capitalist countries have become a strong and driving force and have held a lot of strikes, exerting profound influence. Cooperation between white-collar trade unions and blue-collar trade unions has greatly impacted the capitalist system. This is a new outstanding characteristic of the workers' movement in developed capitalist countries.

In order to correctly guide the struggle of white-collar trade unions, which consist of intellectuals, Marxist political parties in developed capitalist countries have adopted some new policies and put forward the following valuable views in light of the structural changes in the working class as a result of the increased number of white-collar workers.

Under the new situation the working class is not disappearing or "falling apart." On the contrary, the scope, position, and role of the working class are expanding. The existence of the working class is related to the basic

role of the working class in production and in the social relations formed under capitalist exploitation. To date, science and technology have become the basis of material production. To think that the working class will wither away simply because the technological level has increased and the role of mental labor in production has been strengthened is to equate the working class to physical labor and not to equate them to the relations of production. It is wrong to only confine the working class to the physical labor and not to equate them to the relations of production. It is wrong to only confine the working class to the scope of simple labor or to the workers doing physical work since technological personnel and paid clerical staff are components of the working class.

Along with the development of science and technology, knowledgeable materialized labor, and materialized brain labor, the work of the working class will require more and more mental work and the contingent of the working class will contain more and more intellectuals. Without the active participation of intellectuals, it would be impossible for us to carry out cultural and social reforms today. However, because of the influence of traditions and social relations, technological personnel do not think of themselves as part of the working class and are unwilling to be viewed as part of it by others. Therefore, they lack the concept of class struggle. However, objective conditions have made the various components of the working class gradually approach one another, which is conducive to uniting all working people. But, traditions, social prejudices, disintegration in capitalism, and differences between the work styles and life styles of various components of the working class are still splitting them up.

The new situation has given the Communist Party the task of strengthening and improving its work towards intellectuals and establishing a new united working class. The Communist Party should not prejudice against intellectuals, but should be good at pointing out the objective existence of capitalist exploitation to guide intellectuals to consciously change reality and to foster a really critical view towards the capitalist world.

The above situation shows that in order to cooperate with the struggle of the working class, Marxist political parties in developed capitalist countries are presently carrying out new explorations in order to win the future for socialism.

At the same time, we should also pay attention to the objective role of the social democratic parties in their struggles against capitalist rule. Social democratic parties have had a great influence on workers in Western countries. Except in France, Italy, Spain, and some other countries where communist parties have had more influence over trade unions than social democratic parties, the majority of the trade unions in various central and northern European countries have been operating under the direct influence of the social democratic parties of their own countries. Although the reforms advocated by social democratic parties cannot change the nature of capitalist private ownership, their reformist policies are objectively conducive to the socialist revolution of the proletariat at a certain stage and in some

respects. From a long-term point of view, social democratic parties are actually preparing the material and spiritual conditions for the unity, education, and training of workers and for the future realization of the transformation from capitalism to socialism. Social democratic parties are the force which the working class can unite and win over. And social democratic parties are also an important component of the united front in socialist workers' movements in Western countries.

From the above analysis we can see that presently in the West, although economic development and the reformist policies of the bourgeoisie have eased class contradictions and weakened the revolutionary consciousness of some workers to a certain extent, on the whole, the working class' struggle to change capitalist private ownership and to win the victory of socialism is still progressing forward. And the development of the working class' struggle has become an increasingly powerful trend in the world, which is pushing forward with history.

#### The Second Trend: The Reform of the Socialist Countries

Since the Soviet Union, the first socialist country, was established, the achievements made by socialist countries and the superiority of socialism have not only provided vivid examples to underdeveloped countries but have also greatly encouraged the working class in developed capitalist countries. However, in the course of socialist construction, socialist countries have also made some mistakes, suffered setbacks to different degrees, and even suffered some serious setbacks. In practice, various socialist countries have gradually realized that mechanically transplanting the model of only one country and mechanically following the tentative ideas and inferences on socialist society advocated by the writers of classical Marxist works will not work. Therefore, it is all the more necessary to explore a new road in building socialism, which is suitable to specific conditions and the present characteristics of various socialist countries. For this reason, various socialist countries are now carrying out economic structural reforms and political structural reforms to various degrees and on various scopes. This has become a historical trend in the world. This historical trend is the main force promoting the advancement of the socialist cause.

The reform of the socialist countries can be traced back to the end of the 1940's and the beginning of the 1950's when Yugoslavia first started its reforms. During the 1950's and 1960's, socialist countries also carried out reforms to varying degrees. In the 1980's the socialist countries have been carrying out deeper and more extensive reforms. During the 1980's the first country to carry out reforms was Hungary. In 1984, the Plenary Session of the MSZMP Central Committee passed a resolution on furthering the reform of the economic structure. In 1981, Bulgaria proposed the theory of separating ownership rights from management rights and wrote this theory into the "Regulations of Economic Mechanism," stipulating that as the owner, the state should not directly manage socialist property, but should only macroscopically guide and supervise the management of socialist property while the collective of workers, as operators of the enterprises, have the decision-making power.

in the management of socialist enterprises. Since 1982, Poland has been carrying out various economic reforms. Poland has abolished the planned management system characterized by "mandatory orders and unified distribution," implemented a central planning structure to strengthen market regulations, and implemented the principle of allowing enterprises to have real decision-making power in their management, allowing the staff and workers to have autonomy, and allowing enterprises to assume full responsibility for their own profits and losses. Since January 1981, Czechoslovakia has also implemented "Complete measures for perfecting the national economic planning and management structures" in the whole country, enlarged the powers of the enterprises, and adopted a series of flexible measures by applying the law of value, implementing the profit retention system, and using the method of distributing bonuses, and some other methods. The German Democratic Republic has also adhered to the policy of integrating the system of centrally concentrated planning with the development of the enthusiasm of localities and enterprises and to the policy of integrating the development of the concentrated national economy with the development of social welfare, and carried out reforms with its own national characteristics. The 27th CPSU Congress also explicitly proposed the question of reform.

Our country has also taken a tortuous road and experienced setbacks in its efforts to carry out various reforms. During the first few years after the founding of the PRC, the collectivization of agriculture and the socialist transformation of capitalist industry and commerce creatively integrated Marxism with the concrete conditions of China and achieved great successes. During the first 5-year plan, although we were influenced by the Soviet model because of our lack of experience in building modernizations, we still paid attention to exploring our own road. Comrade Mao Zedong's "On the 10 Major Relations" published in 1956 showed our efforts in exploring our own road. At the beginning of the 1960's, "The 70 Regulations of Industry," "The 60 Regulations of Agriculture," and the system of "more plots for private use, more free markets, more enterprises with sole responsibility for their own profits and losses, and fixing output quotas on a household basis" implemented in some regions all showed a departure from the Soviet model and achieved some good results. However, later on, because we erroneously negated the line of the 8th CPC Congress, reaffirmed that the class struggle between the proletariat and the bourgeoisie was still the main contradiction, continued to take the class struggle as the key link, were overanxious for quick results and a transformation, launched the movement of the great leap forward and the people's communes, and implemented the system of "larger size and a higher degree of public ownership," we suffered setbacks for 3 years. Later on, we carried out more and more "leftist" practices which eventually resulted in 10 years of internal turmoil. We also tried to chop off the "tails" ["tails" refer to "the tails of capitalism"] and carried out a poor transformation, which almost destroyed our entire national economy. Since the 3d Plenary Session of the 11th CPC Central Committee, the CPC Central Committee has decided to shift the focal point of the whole party's work and put forward the policies of opening up to the outside world, invigorating the domestic economy, and carrying out an overall reform of the economic structure. The resolution on the reform of the economic structure passed by

the 3d Plenary Session of the 12th CPC Central Committee in 1984 theoretically and comprehensively expounded that the socialist economy is a planned commodity economy based on public ownership. Under the guidance of this resolution, the rural reform has developed into the overall reform centering on cities. Later on, the CPC Central Committee also passed decisions on the reform of the educational structure and the reform of the scientific and technological structure. At present, the CPC Central Committee is studying and carrying out the reform of the political structure. The successes of the reforms carried out in China have already attracted the attention of all the socialist countries and the attention of the whole world.

The reforms carried out by various socialist countries are of great significance in the history of the development of socialism. They show that socialist countries are freeing themselves from the rigid models, from their dogmatic comprehension of Marxism, and from their respective historical fetters. The reforms carried out by various socialist countries will doubtlessly promote the development of socialist theories and practices to a completely new stage in the process of closely integrating the universal truth of Marxism with the concrete realities of various countries.

The setbacks and mistakes that have appeared in the process of the development of socialist countries have not in the least negated the Marxist scientific inference that socialism will inevitably replace capitalism. Marxism is still the banner in the development of socialist countries. The setbacks and mistakes of socialist countries, including a lack of vitality and vigor in their economic structures, overcentralized power, national egoism, national chauvinism, and even hegemonism in some socialist countries, are not the result of implementing Marxist theories and fundamental socialist principles, but on the contrary, are the result of violating Marxist theories and fundamental socialist principles. To implement the one-country model in the economic construction of socialist countries, which is bound to result in the formation of a rigid economic structure, does not adhere to, but violates the consistent ideology of Marx and Engels on taking the socialist road by taking into consideration the national characteristics and the different situations in different countries. Leaders of some socialist countries which have practiced personality cult, the "patriarchal system," and the system under which one person alone has the say, have destroyed socialist democracy and the legal system. What they have done has violated, instead of adhere to, the Marxist historical materialistic views on the relations between leaders, political parties, classes, and the masses. Some socialist countries have practiced national egoism and hegemonism. This also violates the Marxist and Leninist principle on the mutual relations between fraternal parties and the Marxist and Leninist principle on the foreign relations of socialist countries. Some people's dogmatic comprehension of Marxist theories leads them to adhere to Marxism only in name and to violate the living soul of Marxism--carrying out concrete analyses of concrete situations in fact only. Therefore, we should not confuse misunderstood, dogmatized, and even misinterpreted "Marxism" with true Marxism. However, classical Marxist works do not and cannot possibly provide a complete set of answers to the various questions we come across in our practice of building socialism. Therefore, if

socialist countries propose some new policies and new theories which are not those of classical Marxism, but conform with reality and socialist principles, we should not regard these new policies and new theories as a "crisis" of Marxism, but should regard them as the development of Marxism.

People should also pay attention to this obvious fact: The replacement of one social formation by another is a long-term, tortuous, and repetitive struggle. It took more than two centuries for capitalism to replace feudalism, which was actually one exploiting system replacing another exploiting system, the process of which involved a fierce struggle between the two exploiting systems, let alone socialism replacing capitalism, public ownership replacing private ownership, and breaking with all the traditional concepts of the exploiting classes! So, the protracted and arduous nature of the process of socialism replacing capitalism cannot be compared to that of any previous social changes! Developed capitalist countries now have had a history of over 200 to 300 years and have accumulated rich experiences in carrying out self-regulation and using the method of reform and the method of oppression in turn to consolidate their own rule, whereas socialist countries have only had a history of several decades. Moreover, before taking the socialist road, all the present socialist countries had been relatively backward capitalist countries and even colonial, semi-colonial and semi-feudal agricultural countries. Therefore, how can we demand that socialist countries catch up with and even overtake developed capitalist countries without experiencing setbacks and mistakes within such a short period of time, on such a poor basis, and without having a model ready to follow? Although all socialist countries were originally very backward countries, the economic development rate of socialist countries has been faster than that of developed capitalist countries ever since they established socialist public ownership. Although our country suffered heavy losses during the "great leap forward" and the "cultural revolution," our country's overall economy has developed relatively quickly. Within a short period of time, since the 3d Plenary Session of the 11th CPC Central Committee, our country has achieved universally recognized successes in its economic development. From 1979 to 1984 our country's gross national product increased by an average of 8 percent, far surpassing the increase rate of developed capitalist countries, which were 2.3 percent and 2 percent respectively. This fact shows that once socialist principles are correctly comprehended and implemented, they will be turned into a great force.

The setbacks and mistakes have not changed the process of history, but on the contrary, have enabled socialist countries to learn from their experiences and lessons and play a larger role in the great and worldwide historical transformation of socialism replacing capitalism through their respective reforms.

#### The Third Trend: The Struggle of the Broad Masses of People in Third World Countries Against Hegemonism, Capitalist Plunder, and the Old Economic Order

When assessing the people's worldwide struggle against capitalist rule, we must also pay attention to the struggle of the broad masses of people of Third

World countries against hegemonism, capitalist plunder, and the old economic order. The struggle of the people of Third World countries is a progressive trend of great historical importance in modern history. Modern developed capitalist countries now economically exploit Third World countries and gain huge profits by making use of irrational international divisions of labor, their economic and technological superiority, and their monopoly in the international financial field and in establishing transnational corporations. The method they are using now is a more ingenious and covert one compared to the one used by their predecessors who were bloody colonialists. According to the relevant statistics, the average profit rate of U.S. private capital in developing countries was 15.9 percent in 1960, but it rose to 20 percent in 1971 and 50 percent in 1974 (Footnote 1) (Materials from the "Xian Dai Shang Ye Gai Lan" [3807 0108 0794 2814 2861 6031] of the United States). This situation has inevitably intensified the contradiction between the people of Third World countries and imperialism.

Lenin once pointed out that imperialism has divided the world into two parts: One is the oppressed nations which are the majority; the other is the oppressing nations which are the minority who possess huge wealth and powerful military strength. The national democratic revolutionary struggle of oppressed nations against imperialism and the reactionary regimes in their own countries is a component of the world communist movement. In the book entitled "The Historical Destiny of Marxist Theories," Lenin laid particular stress on the influence of the revolutionary struggles of backward countries on the proletarian revolutionary struggles in developed countries. Now, after carrying out indomitable struggles, the majority of the Third World countries have cast off the yoke of colonialism, but are still facing the serious task of seeking their complete political and economic independence. The monopoly bourgeoisie of modern developed capitalist countries is still exercising control over, infiltrating, exploiting, and interfering with Third World countries in the economic, political, military, and some other fields. Therefore, a sharp contradiction still exists between the people of the Third World countries and developed capitalist countries. Over the past few years Third World countries have carried out many successful struggles against developed capitalist countries--for example, the struggle to win 200 nautical miles of territorial waters launched by the Latin American countries, the struggle to safeguard the rights and interests of oil exporting Arab countries and other Third World oil exporting countries, the struggle carried out by other raw material producing countries, and so on. All these struggles have dealt a heavy blow at the monopoly bourgeoisie of developed capitalist countries.

What is most noteworthy is that a lot of Third World countries have taken socialism as the goal of their struggle. This is a new phenomenon which has appeared in world history since the end of World War II. Although socialist countries have experienced a lot of setbacks and mistakes, socialism still has attraction to the broad masses of people of Third World countries. It is believed that the struggle of the broad masses of people of Third World countries will play a greater role in the historical trend of socialism replacing capitalism.

The three major contemporary trends have proved that the historical trend of replacing capitalism with socialism, which was brought to light by Marx, is irreversible. Although this historical trend will experience long-term, tortuous, and arduous explorations and struggles, this historical transformation will doubtlessly be realized in the end.

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RENMIN RIBAO ON PROGRESS OF SOCIALIST MOVEMENT

HK240744 Beijing RENMIN RIBAO in Chinese 22 May 87 p 5

[Article by Wen Hai (5113 3189): "Appraising and Analyzing the Socialist Movement From a Historical Viewpoint"]

[Text] Analyzing the process of the socialist movement from a historical viewpoint and from the high plane of world history and correctly appraising the success and failure in the socialist movement are important issues in the current education in adhering to the four cardinal principles. Such an analysis and appraisal will help prevent us from being bewildered by some transient, superficial, or partial phenomena.

There have been setbacks, mistakes, and difficulties in the course of socialist development. But so long as we view socialist development from the general trend of historical development, we will never lose our confidence in scientific socialism. Many people have seen the television series "Something About the Chang Jiang." Only by observing the Chang Jiang from a height, can we see how the river winds its way to the sea in the east. If we judge the direction of the river by cutting a small section out of it, we are bound to draw a wrong conclusion. If we use world history as a measurement to judge the process of the socialist movement, there is no reason for us to be optimistic. How long did the bourgeois revolution last?? There were 300 years and more from the beginning of the bourgeois revolution in the 16th century to capitalist occupation of the world by the end of the 19th century; and about 290 years from the seizure of political power by the English bourgeoisie in 1648 to the late 19th century. Whereas from the birth of the "Manifesto of the Communist Party," the communist movement has so far experienced a historical period of nearly 140 years only. Calculated from the first victory in the socialist revolution, it is only 70 years old. From a historical viewpoint, socialism is still very young. From its emergence to its completion, the communist movement will take a much longer time than the entire period of the bourgeois revolution. It is not strange even if it would take several hundred years longer, because the bourgeois revolution is a revolution in which one exploiting class replaces another whereas the communist revolution is a revolution aimed at eliminating classes and the exploitation of man by man. Viewed from the facts over the last 100 years, the development of the communist movement is now slow. Socialism has opened up a new chapter in history. Is this not true?

Lenin said: "We should stand higher to look at the replacement of one social and economic system by another. Only this viewpoint can help us clearly see how heavy the tasks we have undertaken." ("Collected Works of Lenin," vol 27, p 387) If we "review" the changes in the long process of history, what conclusions can we draw? As everyone is aware, since the emergence of private ownership society, mankind has experienced three different forms of private ownership society such as slave society, feudal society, and capitalist society. There were two antagonistic classes in private ownership society: the slave owner and the slave in slave society, the landlord and the peasant in feudal society, and the bourgeoisie and the proletariat in capitalist society. Capitalist development has so far undergone a historical process of several hundred years, but we have never witnessed the emergence of a new private ownership society different from capitalist society in any region in the world or new exploiting and exploited classes different from the bourgeois and proletarian classes. What does this simple fact indicate? It indicates that capitalism is the highest form of private ownership. Private ownership cannot develop any further when it reaches capitalism. But history keeps developing. The further development of capitalism will inevitably lead to the replacement of capitalist society by a new society under public ownership. This is not merely theoretical reasoning but has been proved by iron-clad facts.

The fact is that socialist public ownership has been established in the world. It has withstood all tests. Many utopian socialists in the 19th century went to the United States to carry out the experiment on their utopian plan, but to no avail. What we have seen now is not the experiment on utopian socialism but the living reality of socialism. The first state under socialist public ownership was established after the October Revolution. Soviet political power was not destroyed despite tribulations. Apart from this, a number of socialist countries kept emerging during a half century after the establishment of Soviet power. In 1949, socialism scored victory in a country with the largest population in the world. The increasing number of socialist countries suggests that socialism is an inevitable trend of historical development.

The socialist system has not collapsed although there have been various mistakes, some even very serious ones, in the course of socialist development, such as the "Great Cultural Revolution" in China. This proves that the socialist system was not established as one pleased but on the basis of objective necessity.

The above facts emerged after the death of Marx. This indicates that Marx's scientific thesis on the replacement of capitalism by socialism still served as a route sign in our advance today. Reviewing history, we will discover this situation: A new production mode took shape and prevailed in certain countries but was totally replaced by the old production mode several decades later. On the contrary, history has regarded: A new type of production mode always develops irresistibly after its emergence, despite difficulties and setbacks in the course of its growth.

When making a lateral comparison between capitalism and socialism, some people forget this basic historical fact: socialism scored victory first in backward countries, Building socialism in an economically backward country is a special historical mission of ours.

Marx and Engels predicted in the 19th century that socialism might score victory in some advanced capitalist countries simultaneously. When capitalism developed to the stage of imperialism in the early 20th century, Lenin, taking into account the disequilibrium in the economic and political development of various capitalist countries, pointed out that it was possible for socialism to break through the weakest link in the chain of imperialism. The fact proved it true. Not only Russia, which first scored victory in the socialist revolution, but almost all of the rest of the countries the world which have scored victory in the socialist revolution were originally backward countries in the world capitalist system and were weak links in the chain of the world imperialist system.

The fact that socialism first scored a victory in backward countries will for a long historical period control and affect the process of socialist development. The fact that socialism scored victory first in backward countries has given rise to a number of problems we will find it very difficult to resolve. These problems are as follows:

First, the fact that socialism scored victory first in backward countries is bound to bring about this situation: Socialist countries will lag behind advanced capitalist countries economically for a fairly long historical period. This will produce two impacts. One the one hand, as socialist countries will lag far behind advanced capitalist countries for a fairly long historical period and the strong points of the socialist system have not been brought into full play, socialism is lacking great attraction among the people in the capitalist world. In terms of the social system, a socialist country is the tomorrow of a capitalist country; but viewed from the present economic standards, a socialist country is the yesterday or the day before yesterday of a capitalist country. This is a huge historical contradiction. On the other hand, as socialist countries lag behind developed capitalist countries economically, some people in socialist countries are attracted by the material and cultural life in capitalist countries. Some people mistakenly think that the ideology and way of life in economically developed countries are advanced, and they have blind faith in the Western world. Therefore, economic backwardness has added to the difficulties in our ideological and political work. Some people have confused the problem concerning different social systems with the problem concerning different development stages. We should differentiate between these two problems. In other words, we should tell the people that our socialist system is superior but that our economy is still backward, so that they understand this: "The establishment of the socialist system has opened up a path leading to an ideal realm, but the realization of an ideal reality depends on our hard work." [Mao Zedong, "On the Correct Handling of Contradictions Among the People"]

Second, because socialism scored victory first in backward countries, transforming the small-peasant economy has become an arduous task of socialist countries. Theoretically speaking, it is the historical task of the bourgeoisie. In developed capitalist countries today, the small-peasant economy does not mean anything and is essentially different from modern individual farms. Whereas in the Soviet Union, China, and other socialist countries, where capitalism has not attained full development, the historical task of transforming the small-peasant economy has fallen on the bourgeoisie. Organizing the peasants in taking the socialist road is not an easy matter, as they have lived on small plots of land for several hundred and even several thousand years and are strongly characterized by the natural economy. The Soviet Union and China have devoted much time and effort to transforming the small-peasant economy. In 1958, we were overanxious of quick results in enabling the peoples' communes to become "large in size and collective in nature." As a result, we were severely punished by the objective law. We can well imagine that it will not be very difficult for an advanced capitalist country to transform the small-peasant economy one day it realizes socialism.

Third, the fact that socialism scored victory first in backward countries will also affect the process of socialist democratization. Both Russia and China lacked the tradition of capitalist democracy. Comrade Deng Xiaoping said: "From old China we inherited a strong tradition of feudal autocracy and a weak tradition of democratic legality." ("Collected Works of Deng Xiaoping," p 292) We should not underestimate the influence of feudalism in China, nor should we underestimate the force of habits of the bourgeoisie and petit bourgeoisie in our country. To remove these vestiges of the old society, we must make long-term and arduous efforts. We should view the significance of socialist democratization from the high plane of strategy. Influence by "leftist" ideology, we did foolish things in the past, throwing away the banner of democracy and thinking that "democracy" was the slogan of the bourgeoisie and that the proletariat should only talk about "dictatorship." The Western bourgeoisie attacks the socialist system under the banner of "democracy." This is really an absurd historical phenomenon: A state established on the basis of private ownership characterized by the exploitation and oppression of man by man has the impudence to use the banner of "democracy" to attack a state under public ownership where the exploitation and oppression of man by man has basically been eliminated. In fact, only socialist countries are entitled to talk about democracy. The elimination of classes in socialist countries means the realization of the fullest democracy. Of course, economic and cultural backwardness has added to the difficulties in socialist construction. It is precisely on this account that the proletariat should lay more stress on the exercising of democracy and place democratization in a strategic position. Since the 3d Plenary Session of the 11th CPC Central Committee, the CPC Central Committee has considered socialist democratization an important strategic task of the entire party. We will not slow down the process of democratization because of the struggle against bourgeois liberalization, nor will we give up the policy of opening up to the world and reforms because we oppose bourgeois liberalization.

PAPER ON SOLITUDE IN SOCIALIST LITERATURE

HK160912 Beijing GUANGMING RIBAO in Chinese 30 Jun 87 p 3

[Article by Li Zhun (2621 0402): "The 'Modern Sense of Loneliness' and Socialist Literature and Art"]

[Excerpts] "The modern sense of solitude" is the bitter fruit of the contradictions of modern capitalism in the spiritual aspect.

Since the turn of the century, a sense of solitude and even its praise has existed among writers and artists in modern capitalist nations, among Western modernist writers in particular. This has really become a rather universal phenomenon.

How do we account for the occurrence of this phenomenon? We shall have to look for the causes in the inherent contradictions of capitalism in their contemporary development. Under the domination of monopoly capitalism and the rule of money, the exploitation of modern science and technology has not relaxed, but in some areas aggravated the antagonism and isolation between the individual and society, the self and other people. With the spread of electronic technology and information technology in particular, a certain trend of "doing-it-at-home" emerges in the modes of people's activities. As a consequence, many people are further self-secluded. Isolation has made many people find themselves powerless regarding their own fate and the future of society. Despite material satisfaction, a lot of people are caught in emptiness, confusion and pessimism, while individualism, which would lead to solitude anyway, continue to develop in a malignant way. Consequently, crimes, drug addition, and sex indulgence have become more and more incurable social diseases.

The Western "sense of solitude" should not be copied intact into socialist literary and art creations.

Historical conditions have undergone basic changes under the socialist system. Engels pointed out that just as general production "elevated" man from other animals with regard to their relations in the origin of species, the socialist system will eventually "elevate" man from other animals with regard to man's "social relations." Public ownership, planned production, and the state power of the workers are linked closely with the people's basic interests. Building socialist spiritual civilization and propaganda and education in revolutionary

ideals enable the people to strive for the realization of a common goal, united as one as masters of society. Precisely on the strength of the socialist system this has provided a basic guarantee for the limitation of the antagonism between the individual and society and the indifference in human relations, and promoted the development of the relations between the individual and society as well as human relations as a whole in the direction of greater and greater intimacy. Therefore, with the exception of a small number of people that have problems in their basic stands, people will not feel the sense of solitude characterized by disappointment, fear and vent antagonism regarding the entire social relations in reality. It is precisely because of this in the creation of socialist literature and art that reflects socialist reality. We should not be confused about Western modernist literature and art regarding solitude.

Then, does this mean that solitude should not be dealt with in the creation of socialist literature and art, with the exception of those subjects of ancient history and life in capitalist society? Of course not.

First, because with the seizure of political power, China became a socialist society from a semi-feudal and semi-colonial one. The pernicious influences of the old society and mistakes in our work brought about a tortuous course in history. Hence, the emergence of the great tragedy, the "cultural revolution." This tortuous course in history gave rise to the particular sense of solitude in certain people in a given period. The earnest description of this solitude, for example, the truthful depiction of a certain sense of solitude of some persecuted cadres under the inquisition in isolation during the "cultural revolution," and a certain sense of solitude of educated young people sent to the rural areas in their isolation and helpless state is helpful in reflecting the tortuous course in history, and provide us with a certain aesthetic sense. Even today, when the Chinese people are united as one to build the four modernizations, China is still in the initial stage of socialism. Its specific systems are still not complete and perfect, and all kinds of unhealthy tendencies are still found inside the party and society. Because of differences in personal environment, experiences and ideological conditions, it is natural that a certain sense of solitude exists for some people under certain specific conditions. The truthful depiction of this solitude will reveal its complexity in reality, and has its peculiar artistic charm. And third, the rise of solitude is possible even with some advanced and heroic personalities under given conditions of misfortunes. The truthful depiction of this solitude is helpful in revealing the richness of the inner world of heroic personalities with particular artistic effects. Successful attempts have been made in many literary works in these areas.

The crucial point is how to do this in our writings. Clearly enough, the aforesaid different categories of solitude are not the consequences of China's socialist system, and have principled differences from the Western "sense of solitude." The completion and perfection of the socialist system and the development of the socialist cause are helpful in overcoming solitude in the categories mentioned above. However, despite the fact that there are causes to account for, a need to understand, and points worthy of affirming, solitude

in all these descriptions, including that resulting from specific conditions of some heroic personalities, generally speaking, they are not the most advanced ideologies in the socialist era, and do not belong to the category of modern ideology of socialism pertaining to the advanced personalities undertaking the four modernization sand reform in China today. Therefore, in our literary and art creations, we should truthfully reveal the grounds, nature and trends of changes and development of this sense of solitude, but refrain from copying intact the practices of the Western school of modernism. We should not turn the depiction of solitude into the negation of socialism, and praise solitude as a spiritual plane worthy of promotion, and even as the loftiest and most beautiful spiritual plane in our times.

The sense of solitude of a very small number of people who feel a lack of mutual understanding, fear, and even antagonism regarding the entire socialist relations in China's realities is a result of their adherence to an erroneous stand, that is another kettle of soup. If "the modern sense of solitude," arising from modern Western society and characterized by its disappointment in, and fear of the entire social relations in reality, is still worth studying in a certain sense because its spearhead is after all directed at the capitalist system, then, in China today, this modern sense of solitude, which is estranged from, fearful of, and hostile to the entire relations to reality, must be totally negated and combatted since it directs its spearhead of criticism at the socialist system. Only by profoundly analyzing it and lashing out at it in the process of art creations, will it be possible to reflect the truthful feature of China's social life in the new historical period, thus stimulating people's love for socialism. Only then will it be possible for socialist literature and art to play their role of cognition and aestheism.

A few issues requiring deliberation on the expression of the sense of solitude in literary creations.

It is regretful that in recent years, some writers and critics upholding writing "returning to literature and art themselves" have precisely forgotten the nature of, and requirements for socialist literature and are regarding the issue of dealing with solitude, while being enthusiastic about adopting the literary and art concepts of the Western school of modernism in cutting the pattern for the realities in China's new historical period, in their wishful thinking to create a sense of solitude based on their subjective needs and pursuit of the beauty of solitude. This requires our deliberation.

For example, the expression and advocation of the so-called "contemporary sense of solitude" of a generation of young people in China who are fond of contemplation, invariably feel a sense of solitude. Moreover, this sense of solitude is not derived from a specific environment or experience of certain misfortunes, but from the disappointment and complaints in the entire relations in reality. (Some works have described human relations in present-day China as a competition for survival between animals.) Their complaints went beyond the entire social realities and the understanding of the masses. And that is where solitude came in. Some critics say that this "contemporary

sense of solitude is an important component part and one of the signs of the most advanced "modern ideology" in present-day China; that one would lag behind the new ideological trends without it. In my opinion, such writings and sayings do not fall in line with the actual thinking of the "generation of young people in contemplation" in contemporary China. True, they are fond of independent thinking, independence and self-improvement, but this has nothing to do with their desire for solitude. On the contrary, they are seeking to found a new group ideology that will better mobilize the subjective initiative of every individual. True, they are not satisfied with things as they stand, but they do not stand opposite social relations in reality, and are determined to push forward the socialist relations in China's reality with their own actions. The so-called "contemporary sense of solitude" as described in some works is but the transplantation of the Western "contemporary sense of solitude" with a little adornment rather than a generalization of the "generation in contemplation" in present-day China. Under the pen of some writers, their heroes can be said to be making an affected pose of solitude, which makes people rather uneasy when reading them. The beautification and advocation of a "contemporary sense of solitude" imposed on "a generation of young people in contemplation" runs counter to the nature of, and requirements for socialist literature and art.

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RENMIN RIBAO ON NON-DEVELOPMENT OF CAPITALISM

HK171340 Beijing RENMIN RIBAO in Chinese 13 Jul 87 p 3

[Article by reporter Zhou Qing (0179 1987): "Why Was It Impossible for Capitalism To Develop Fully in China?--A Classroom Dialogue Between Qinghua University Associate Professor Zhu Yuhe and His Students"]

[Text] Associate professor Zhu Yuhe, 49, is head of the teaching and research room for Chinese revolutionary history of the Department of Social Sciences of Qinghua University. This semester, he lectured on the history of the new democratic revolution in China to more than 600 college students and assisted 2 postgraduates in studying the influence of capitalism of modern times on the bourgeois revolution in China. By attending lectures on history, students have come to know the past of China. In giving lectures, Zhu Yuhe answered a number of questions on the issue of why it was impossible for capitalism to develop fully in China, and plunged into searching study of how to integrate classroom teaching with ideological and political work. All this has helped students come to understand why the "view of making up for the missing link of capitalism" is wrong.

First Question: In the semicolonial and semifeudal society of old China, to what a level did capitalism develop in the end?

Answer: In old China, capitalism did not develop to a great extent. In 1949, the output value of the capitalist economic sector made up about 20 percent of the nation's gross value of industrial and agricultural output, but the capitalist economic sector controlled such basic industries as steel and machine building and the energy industry, including coal and power, as well as the financial establishments throughout the country, the mainstay of land and water transport, import and export trade, and the markets in key cities. It can be said that the capitalist economic sector kept the state economic lifelines under control. However, such control was long grabbed by imperialists and finally changed hands to their agents--the bureaucratic capital represented by the four big families in China. Consequently, the development of the industry controlled by the national bourgeoisie was hampered. The national bourgeoisie could only develop the textile and food industries in the main and could not evolve into heavy industry, and small-scale production took up a large proportion in national bourgeois capital. In 1936, the national bourgeois capital in China reached the zenith of its development and accumulated a total of over 7 billion yuan (the currency value

at that time). After the War of Resistance against Japan and the postwar period of the KMT domination, the national bourgeois capital in China was painfully weakened. The road toward free capitalism was blocked.

Compared with the development of the capitalist productive relations in old China, the foundation of the productive forces as a whole was very weak. According to figures cited by experts, in 1949, the year when the whole country was just liberated, production equipment of modern times was worth merely 12.8 billion yuan; this was just the total accumulated by modern industry in 100 years in old China. Looking at the total investment of 301.96 billion yuan made in social fixed assets in 1986 alone, we can find that figure is really too small. However, our socialist construction just started on such a basis. This determined that we could do nothing but develop the social productive forces as the only primary task after the founding of our People's Republic.

Question two: Did China leap across the historical stage of capitalist development?

Answer: If we said in general terms that China leaped across the stage of capitalism in its development, we would not face historical facts. The bourgeois revolution in China was aimed at turning the feudal society into a capitalist society. Politically, it attempted to overthrow the regime of the feudal landlord class and establish a bourgeois regime; economically, it tried to change the landlord ownership and emancipate the productive forces to pave the way for the development of capitalism. Including its preparatory stage, the revolution of bourgeois democratic nature in China lasted 109 years. Starting from the Opium Wars, it went through the Constitutional Reform and Modernization in 1898, the Revolution of 1911, and the 4 May Movement of 1919, the Northern Expedition, the Agrarian Revolutionary War, the War of Resistance Against Japan, and the People's Liberation War. It did not accomplish its major tasks until the founding of the PRC in 1949. From the founding of our People's Republic in 1949 to 1956, our social system cannot be regarded as a complete socialist one, but a social system with the nature of the new democratic revolution in the period of transition. Our country did not enter the initial stage of socialism until the socialist transformation was basically completed in 1956. This shows that the bourgeois revolution took a fairly long time in our country, capitalism, could not fully develop precisely because of obstacles by international imperialists and the feudal force in the country, and finally our country was forced to embark on the way of transitioning from the new democratic society to socialist society under the leadership of the Communist Party.

Question three: In saying that imperialism and feudalism hindered the development of capitalism in China, what is the main historical basis?

Answer: In modern history of China, the bourgeoisie tried many times to establish a bourgeois democratic republic in an effort to speed the development of the national bourgeoisie, but all their attempts were foiled by

imperialists and collaboration with the feudal force in China. This is what was described in history as "teachers beat students."

The first attempt was made when Dr Sun Yat-sen launched the Revolution of 1911. The revolution led to the establishment of the provincial government of the Republic of China in Nanjing, set up a legislative senate, issued more than 30 decrees and measures to promote the development of capitalism, and adopted the "Provisional Constitution of the Republic of China," which was of the nature of a bourgeois republic constitution. By complying with all unequal treaties in history and acknowledging all foreign debts as the prerequisites, the Nanjing provincial government prayed for recognition and support from its "friendly nations." However, imperialists refused to see China become a capitalist power and were unwilling to "court" China's bourgeoisie. They abandoned Sun Yat-sen and took a fancy to "Yuan Shikai, a favorite of the times." As a result, the bourgeois democratic republic was strangled in the cradle and the Nanjing provincial government lasted merely 3 months.

The second attempt was made in 1924. Driven to despair, Sun Yat-sen adopted the three cardinal policies of alliance with the Soviet Union, cooperation with the communists, and assistance to the peasants and workers. He renewed his Three Principles of the People, reorganized the KMT, and practiced cooperation with the CPC, thus unleashing a new mighty bourgeois revolution. Sun Yat-sen hoped for equalization of land ownership, saving capital, and building a Chinese-style capitalist society, but all this was stoutly opposed by imperialists. When the revolution developed in depth, imperialists ordered their lackeys, despotic gentry and the comprador class in China to, by hook or by crook, drag out first Chiang Kai-shek and then Wang Jingwei from the revolution. The crushed revolution once again repelled the attempt made by the Chinese bourgeoisie to develop capitalism.

The third attempt was made in early 1946. When the China Democratic League, political representative of the Chinese bourgeoisie, asked to revise the Constitution through the exercise of "parliamentarism," "cabinet system," and "regional autonomy" at a session of the People's Political Consultative Conference, but it was opposed by the KMT representatives. However, the Chinese Communist representatives supported the proposal put forward by the China Democratic League and finally it was passed at the session. After the conclusion of the session, Luo Longji, leader of the China Democratic League, said that it was very satisfactory and pointed out that the line of the People's Political Consultative Conference "was in essence a line of middle-of-the-roaders." The Chinese Communists were also very happy with the result, and only the KMT was very unhappy. Every time leaders of the China Democratic League took the floor at the session, special agents of the KMT immediately shouted "tails of the Communists!" Wen Yiduo was very angered by this. When delivering a speech at Southwest United University, he pointed out: "Since there is a head, there must be a tail. Since the Communist Party is correct, we are willing to act as its tail." Back by U.S. imperialism, the KMT devised the Baitang incident, the Xiaochangkou incident, and the Xiaguan incident and assassinated leaders of the China Democratic League. Meanwhile, it also

disrupted resolutions adopted at the People's Political Consultative Conference, launched the civil war in an all-round way, convened the bogus National Assembly, and declared the China Democratic League illegal on charges of being a "new riot tool" and "ally of conspirators." American Ambassador to China Leighton Stuart attended to the matter personally and forced the China Democratic League "to be disbanded in a honorable way." This once again blocked the road to the development of China. Due to the obstruction from feudal landlords and despotic gentry, the aggression and destruction of imperialist nations, and the weak and incompetent Chinese bourgeoisie, the plan for establishing a bourgeois republic in China went bankrupt completely. This is a conclusion drawn from the history of China. Motivated by the desire to be responsible for the people, the Chinese Communists, in conforming to the law of historical development, established the People's Republic of China in the place of a bourgeois republic and set an example for the liberation of the people of backward nations and regions. This has constituted a valuable contribution to the history of China.

Question four: We are now stressing development of the commodity economy; does this mean we are making up for the missing link of capitalism?

Answer: The commodity economy is not patented to capitalism. It is an inevitable outcome when the productive forces develop to a certain level. Socialism should develop the commodity economy. Also, it should have a well-developed planned commodity economy. To develop the commodity economy is not to make up for the missing link of capitalism but to promote the development of the productive forces. The appearance of the view that "the missing link of capitalism should be made up for" in society is only because some people admire bourgeois democracy and the progressive productive forces of Western countries. They believe that all drawbacks in China stem from the fact that China has built socialism before it stepped into an industrial society. Such a view is quite superficial. The developed capitalist countries have also developed from under-developed capitalist countries. All their systems, modes of production, and way of life, including their forms of democracy, are the result of reconciling different contradictions of capitalist society. Other social formations cannot help build a developed capitalist country overnight by the will of certain people. Through more than 30 years of practice, China has begun building socialism with Chinese characteristics and embarked on the path of industrialization and modernization, and will in no case go backward to practice capitalism against the will of the people. Our present tasks are to stimulate the development of the productive forces. Thanks to the implementation of the reform and opening up policies over the past few years, the great vitality of the socialist system in this aspect has been displayed. In this way, it is entirely possible to build our country into a fairly developed country by the middle of next century. For this reason, we should in no way make up for the missing link of capitalism but make ceaseless effort to develop the productive forces.

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PEOPLE REPORTED DISCONTENTED OVER CADRE ABUSE OF POWER

HK180739 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 0647 GMT 18 Jul 87

[Text] 18 Jul (ZHONGGUO TONGXUN SHE)--According to the Shanghai SHIJIE JINGJI DAOBAO [World Economic Herald], a recent survey has revealed that people on the mainland are now becoming discontented over more aspects of the present situation than previously, and the behavior of CPC cadres in "abusing their powers for private purposes" has become the main target of the public's condemnation.

According to the report, around 1984, the main discontent of the public on the mainland was still concentrated on the fact that improvements in material living standards were not ideal. Today, however, discontent over phenomena of political corruption now takes first place. This shows that the public on the mainland have improved their living standards to some extent under the economic reforms, and also shows that bad party style is becoming more and more the target of the people's ire.

SHIJIE JINGJI DAOBAO publishes a chart illustrating in order 13 "Phenomena of Public Discontent." The first eight of these discontents are, in order: "Abuse of power for private purposes," "price rises," "favoritism in appointing people to posts," "lack of a sound legal system," "frequent changes in policies," "poor quality of certain commodities and services," "lack of freedom in choosing employment," and "income inequalities." It indeed causes deep thought that over half of their eight are directed at the leadership stratum.

The public on the mainland have expressed their anger over the criticism of bureaucratism aroused by the great forest fire and the frequent major transport accidents, and the decline in social morals caused by the corruption and bribery indulged in by certain cadres. However, taking an overall view, what the public encounter most is, as before, certain people taking advantage of the powers in their hands to pursue their own private interests with respect to housing allocation, salary readjustments, arranging employment or study for their sons and daughters, and buying commodities that are in short supply and highly popular. Such things are most prone to clash directly with the public's interests, and so they are most prone to arouse discontent.

What affords food for thought is that despite the continual rise in prices in recent years, the public's discontent is actually focused on the practice of

certain CPC cadres in "abusing their powers for private purposes." This shows to a greater or lesser degree that the public on the mainland have become more conscious. It is a good thing, g not bad, that the public should make their discontent known, because such discontent helps to promote a rational society, and, like a doctor, it can find out the cause of a malady and proceed to fundamentally eradicate it.

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POLITICAL

GUANGDONG COUNTY LEADER'S ELECTION ANNULLED

HK070555 Changsha Hunan Provincial Service in Mandarin 0000 GMT 6 Jul 87

[Text] According to HUNAN RIBAO, on 4 July the Provincial Party Committee Standing Committee seriously studied Comrade Deng Xiaoping's important speech on reform of the party and state leadership system. Some provincial party and government leading comrades also attended the study meeting. Mao Zhiyong, provincial party committee secretary, presided over the study and discussion.

The provincial party committee issued a circular on 5 July, urging all localities in the province to organize party members, and cadres to seriously study Comrade Deng Xiaoping's important speech.

In the study and discussion, the members of the Provincial Party Committee Standing Committee unanimously held that seriously studying Comrade Deng Xiaoping's important speech on reform of the party and state leadership system and thoroughly understanding and grasping the spirit of the speech is of great guiding significance to completely and correctly implementing the party's line since the 3d Plenary Session of the 11th CPC Central Committee. This is also an important ideological preparation for the convocation of the 13th CPC National Congress.

In its circular, the provincial party committee points out that the vast numbers of party members and cadres, leading cadres at all levels in particular, must earnestly study and deeply understand the speech in close connection with their ideology and work, and seriously practice. Studying the speech on reform of the party and state leadership system must be integrated with studying some articles in the revised edition of the book "Build Socialism With Chinese Characteristics." We must seriously understand Comrade Deng Xiaoping's scientific exposition of the political structural reform, conscientiously reach ideological and political unanimity with the CPC Central Committee, and actively participate in the reform.

The circular reads: From now to the even of the 13th CPC National Congress, party organizations at all levels must, in connection with the study of the two books, spend some time organizing party members and cadres to earnestly study Comrade Deng Xiaoping's important speech. In the course of study, they must implement the principle of integrating theory with practice and pay more attention to reform and opening up, accelerate the pace of reform, and further

deepen the reform. They must resolutely overcome bureaucracy and rectify various malpractices such as seeking private interests by taking advantage of one's power. Closely around the party's central task, they must effectively strengthen the ideological, organizational, and style building of the party and improve and strengthen ideological and political work. They must inherit and develop the party's fine tradition and style, improve leadership style and the working style of administrative organs, enforce work discipline, strengthen system building, effectively raise efficiency, strive to fulfill all tasks, and make outstanding achievements to greet to convocation of the 13th CPC National Congress.

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CSO: 4005/885

GUANGXI REGULATIONS FOR DISTRIBUTION OF BOOKS, PERIODICALS

HK021056 Nanning Guangxi Regional Service in Mandarin 0930 GMT 29 May 87

[Text] To strengthen the management of the distribution of books, newspapers, and periodicals and to enable our region's publishing undertakings to thrive and develop, our autonomous regional Committee for Social and Cultural Administration recently formulated and promulgated "a number of regulations on further strengthening the management of the distribution of books, newspapers, and periodicals in our region."

According to the regulations, all collective distribution centers or individually operated distribution centers must have both the permits issued by county-level or higher-level committees for social and cultural administration and the business licenses issued by departments for administration of industry and commerce. Permission to operate a wholesale business may be given to those collective distribution centers with good reputations that have been operating all year round, which possesses sufficient funds and personnel, and have fixed business places. Individually operated distribution centers can only be allowed to operate retail businesses and must not be allowed to go into the wholesale business.

According to the regulations, all restricted publications must be distributed by XINHUA bookstores. All state-operated and collective distribution centers and individually operated distribution centers must not distribute or sell the following types of publications: unlawful publications; illegally imported books, newspapers, and periodicals; irregularly distributed publications; and those officially published books, newspapers, and periodicals that have been declared by publishing administration departments to be banned publications.

According to the regulations, all state-operated, and collectively and individually operated distribution centers can only operate distribution businesses and must not participate in or interfere in the editorial work of newspapers and periodicals: All distribution centers must not operate leasing businesses, publish books and periodicals, or act as publishing agents; all distribution centers must neither inspire others to change nor directly change press reports, front covers, illustrations, headlines, or summaries. The content of all advertisements put in books and periodicals at distribution centers must be examined and approved by the editorial departments of publishing units. Advertisements for soliciting subscriptions must not be allowed to play up pornography, murders, or feudal superstitions.

According to the regulations, all state-operated, and collectively and individually operated distribution centers must comply with the policy on commodity prices, observe the financial and economic discipline, and strictly sell books and periodicals in accordance with the fixed prices. They must not be allowed to go in for raising prices without authorization, altering fixed prices, or arranging sales in pairs or groups.

The regulations stress: state-operated and collectively and individually operated distribution centers throughout the region must uphold the four cardinal principles, rectify their management ideas, give full play to their professional ethics, put an end to the flow of unhealthy books, newspapers, and periodicals into the market, and enable the distribution of books, newspapers, and periodicals to play an active role in promoting the building of the two civilizations.

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CSO: 4005/0885

POLITICAL

HUNAN HOSTS FORUM ON ENTERPRISE IDEOLOGICAL WORK

HK160246 Changsha Hunan Provincial Service in Mandarin 1000 GMT 15 Jun 87

[Excerpts] A national forum on ideological and political work in enterprises opened at the Huaihua Railroad Subbureau this morning. The main agenda of the meeting consists of summing up and exchanging experiences in conducting positive education in the line, principles, and policies of the 3d Plenary Session of the 11th CPC Central Committee, and considering how to further promote education in the two basic points and in deepening the reforms and building socialism with Chinese characteristics.

The forum has been convened by the CPC Central Committee Propaganda Department, the State Economics Commission, and the All-China Federation of Trade Unions. The forum being attended by responsible comrades of the central and state organs, and responsible comrades of provincial, municipal, and autonomous regional propaganda departments economics commissions, federations of trade unions, and a number of enterprises.

Wang Weichang, permanent deputy director of the CPC Central Committee Propaganda Department; (Zhao Qinhua), deputy director of the All-China Enterprise Ideological and Political work Study Society; Yu Qinghe, secretary of the Secretariat of the All-China Federation of Trade Unions; and Liu Zheng, deputy secretary of the Hunan Provincial Party Committee, were present at the meeting today.

Wang Weicheng conveyed the spirit of relevant central documents and spoke on how to make a success of this meeting. He said: This meeting must seriously consider the question of how to carry out in depth positive education in the two basic points and step up propaganda in economic reforms. We must ensure that the masses truly understand that our basic principle is to adhere to the four cardinal principles and that reform, open up, and invigoration are our general principle and policy for building the four modernizations. The two are as close as lips and teeth, and neither is dispensable.

Comrade Wang Weicheng said: The fundamental task of socialism is to develop the social productive forces. With this accomplished, many difficult problems can be smoothly solved. And developing the social productive forces requires strong and effective ideological and political work to mobilize the masses' initiative and creativity.

Comrade Liu Zheng extended greetings to the meeting on behalf of the provincial party committee and government.

Li Jixiang, director of the Political Department of the Ministry of Railways, introduced the experiences of national railroad system in carrying out positive education.

The meeting started discussions and exchange of experiences in the afternoon.

In his speech at the meeting, Comrade Liu Zheng reported on the experiences of Hunan enterprises in carrying out all-round positive education in the line since the Third Plenary Session and gave views on carrying out positive education in the next stage. He said: Ideological and political work in the enterprises is an important component part of building socialist spiritual civilization and is an effective guarantee for the enterprises to gain victory in reform and construction. In the past 2 and more years, the enterprises in Hunan have launched extensive mass education activities, with the result that the staff and workers have been ideologically stable and their quality has improved. This has consolidated and developed the political situation of stability and unity in the province, stimulated reforms, and ensured steady and sustained economic growth.

The province's industrial and agricultural output value last year rose by 10.4 percent over 1985, including an 11.2 percent rise in education. Total output in the month of May this year exceeded the 3 billion yuan barrier, setting a record.

Liu Zheng said that the following issues should be resolved in conducting ideological and political work in the enterprises in the future.

1. It is necessary to regard conducting systematic propaganda and education for staff and workers in the line since the 3d Plenary Session of the 11th CPC Central Committee as a major item of capital construction in the enterprises and do a good job in it. They should be able to overcome and eliminate influences and interference from left and right.
2. It is necessary to link theory with reality and apply a variety of lively education methods to ensure that positive education in the two basic points will go deep into people's minds.
3. Persevere in building the two civilizations together and include ideological and political work within the scope of target control. This work must be gradually made regular, systematic, and scientific.
4. Attach importance to resolving practical problems and create the necessary work conditions for strengthening leadership over ideological and political work in the enterprises.

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XIZANG MEETING STRESSES OVERCOMING 'LEFTIST' IDEAS

HK240451 Beijing RENMIN RIBAO in Chinese 23 Jun 87 p 1

[Dispatch by reporter Lu Xiaofei (4151 1420 7378): "The Xizang Regional Conference of Party Delegates Stresses the Development of the Productive Forces"]

[Text] Lhasa, 22 June--An important task presently facing party organizations at various levels is to continue to overcome "leftist" ideas, to unify the ideology of party members and cadres according to the two basic points of the line drawn up by the 3d Plenary Session of the 11th CPC Central Committee and, under the central authorities' principles and policies toward Xizang, to consolidate and develop the political situation of stability and unity in Xizang, and to promote reforms and the work of opening up to the world. This is an important idea clarified by Wu Jinghua, secretary of the Autonomous Regional Party Committee, at the Xizang conference of party delegates, which concluded yesterday.

This conference reviewed a series of instructions issued by the central authorities since 1930 on the work in Xizang. It pointed out that the basic principle for carrying out these instructions is seeking truth from acts, that everything must be done in light of Xizang's specific conditions, that efforts should be made to overcome "leftist" influence and prevent "leftist" feelings from emerging, and that it is necessary to unswervingly strengthen national unity and safeguard the motherland unification. The conference added that the purpose of the party's work in Xizang is to develop the social productive forces so as to enable the 2 million people of various nationalities living in Xizang, which covers an areas of 1.2 million square kilometers, to have ease of mind and become better off as soon as possible.

At the conference Comrade Wu Jinghua said: "Adhering to the four cardinal principles in Xizang means holding high the banner of unity, patriotism, and progress under the leadership of the party; and upholding the policy of reform, opening up to the world, and enlivening the domestic economy in Xizang means resolutely implementing the special policies and flexible measures worked out by the central authorities concerning the work in Xizang. These two should be unified on the basis of the general task and target of building a new united, prosperous, and civilized socialist Xizang. Only when these two basic points are unified, can they constitute the complete content of the central authorities' instructions issued since the 3d Plenary Session of the

11th CPC Central Committee and can they give expression to the lively practice of building socialism in Xizang with Chinese characteristics."

The delegates looked back on the path Xizang had traversed over the last 8 years in its work. Practice over these years has proved that the party Central Committee's principles and policies on the work in Xizang are correct. Xizang has made achievements as a result of loyally and actively implementing these policies and principles; hesitation in implementing them will cause a bias in work. Practice over the last 8 years also indicates that "leftist" influence in Xizang should not be underestimated because such influence is deep-rooted in Xizang and has remained unresolved for a long time. In the course of carrying out education in adhering to the four cardinal principles and opposing bourgeois liberalization, particular attention should be paid to preventing "leftist" feelings from emerging.

The Xizang conference of party delegates also elected delegates for the 13th National CPC Congress and arranged the work concerning party building in Xizang.

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POLITICAL

XIZANG: REPORT URGES PROMOTING BUILDING OF LEGAL SYSTEMS

HK010747 Lhasa Xizang Regional Service in Mandarin 1030 GMT 30 Jun 87

[Text] This morning, Ngapoi Ngawang Jigme, vice chairman of the NPC Standing Committee and chairman of the Xizang Autonomous Regional People's Congress Standing Committee, delivered a report on the work of the regional People's Congress Standing Committee at the Third Plenary Meeting of the Fifth Session of the Fourth Autonomous People's Congress.

The first part of his report, which deals with the necessity of actively promoting the building of the legal system, says: Since the Fourth Session of the Fourth Autonomous Regional People's Congress, we have actively and carefully carried out legislative work; examined, discussed, and approved the Lhasa City environmental sanitation regulations and the Lhasa City afforestation management regulations; and raised the draft regulations on the exercise of autonomy in Xizang Autonomous Region. In addition, regarding the 12 legal drafts handed to us by the Legislative Work Commission under the NPC, we have organized relevant departments and personnel to hold forums on these drafts and to put forward suggestions for making revisions. In accordance with the regulations of local legal procedures as formulated by the Autonomous Regional People's Congress Standing Committee, we have assisted relevant government departments in drafting some legal (documents), and checked on our region's past laws and regulations. We have also organized our members to study the NPC Standing Committee's resolution on strengthening education in the legal system and safeguarding the situation of stability and unity.

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XIZANG RADIO STRESSES CORRECTNESS OF CENTRAL POLICIES

HK070255 Lhasa Xizang Regional Service in Mandarin 1030 GMT 7 Jul 87

[Station Commentary: "Practice Is the Sole Criterion for Testing Truth"]

[Excerpts] The recent Xizang Party Representatives Conference and the Regional People's Congress and CPPCC meetings now in session have all stressed that it is essential to unswervingly implement the series of central principles and policies on work in Xizang. This issue is related to the orientation for the advance of all work in the region. We must understand this issue clearly and must not display the slightest ambiguity over it.

Practice is the sole criterion for testing truth. There are two basic criteria for testing whether the party's principles and policies on work in Xizang are correct: to see whether they help to actively and steadily develop the social productive forces and to improve the people's material and cultural living standards; and to see whether they help to preserve the motherland's unity, strengthen nationality solidarity, and promote stability and unity in Xizang.

In recent years the regional party committee has led us to further clear away leftist influences and bring order out of chaos. We have corrected the ideological line and fully implemented the party policies on nationality, religion, the United Front, the economy, cadres, and intellectuals. We have placed on a sound basis and strengthened the system of autonomy for nationality regions, trained, promoted, and employed a large number of minority-nationality cadres, readjusted the production relations, and relaxed the economic policies.

Despite serious natural disasters last year, the region's grain output was 454,500 tons, the output for a medium year. Output value of animal husbandry production was 405 million yuan, a rise of 7.3 percent compared with 1985. Township and town enterprises showed relatively great development, with total output value of 400 million yuan. The average income of the peasants and herdsmen was 344 yuan. A good momentum has appeared in tourism and foreign trade.

In finances, the region's losses were reduced by 81.7 percent last year, and it was the best year since 1968. The region also greatly increased spending on education and on capital construction for education.

The facts prove that the central series of special policies and measures for Xizang have brought the region economic invigoration, cultural development, and social stability. The masses are thus enjoying ease of mind.

We must therefore continue to conduct education in the party policies and principles among the cadres and masses of all nationalities, to further enhance their spontaneity and determination to implement them. Thus the CPC Central Committee's series of special policies and major measures for Xizang will go still deeper into people's minds and be implemented still more correctly and effectively, and will make new contributions to building the two civilizations in Xizang.

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CSO: 4005/0881

XIZANG: LEADERS' PROPOSAL ON TIBETAN LANGUAGE

HK140553 Lhasa Xizang Regional Service in Mandarin 1030 GMT 12 Jul 87

[ "Text" of Proposal Made by NPC Standing Committee Vice Chairmen ngapoi Ngawang Jigme and Banqen Erdini Qoigyi Gyancan at the Fifth Session of the Fourth Regional People's Congress on 9 July, on the Study, Use, and Development of the Tibetan Language]

[Excerpts] We propose that this session of the regional People's Congress adopt a regulation on the study, use, and development of the Tibetan language, as follows:

The Xizang Autonomous Region is one of the main Tibetan areas in the country. the Tibetans account for over 95 percent of its population. It is basically a single-nationality region. The Tibetan spoken and written language has become the common language of the region over a long period of historical development.

Doing a good job in studying, using, and developing the Tibetan language is related to scientifically studying, inheriting, and developing the traditional cultural heritage of the Tibetans, making ancient things serve the present, and developing a new socialist culture with the characteristics of the nationality. It is related to enabling the Tibetan people to fully exercise their autonomy rights as masters of the house, as granted by the constitution, to enhancing the cultural and scientific qualities of the Tibetans, and to the development and progress of the nationality. It is also an urgent requirement for developing the building of socialist material and spiritual civilization in Xizang.

To be able to do well in studying, using, and developing the Tibetan language, it is necessary to sum up the experiences of history, both positive and negative, and enhance our understanding of the importance, urgency, and scientific nature of this issue. Reviewing history, in the 30 and more years since the peaceful liberation of Xizang, the study, use, and development of the Tibetan language has followed a torturous course. In the early post-liberation period, under the personal care and support of the CPC Central Committee and Comrades Mao Zedong, Zhou Enlai, and other leaders, the cadres and fighters of the PLA who entered Xizang, and the local work personnel worked hard to learn Tibetan, thereby establishing close ties with the Tibetan masses and strengthening nationality solidarity.

Beginning in the latter part of the 1950's, under leftist influence, study and use of the Tibetan language gradually weakened. During the 10-year Great Cultural Revolution, the nationality policies of the party and state were wrecked, and the state organs, undertakings, enterprises, and units in the region only used the Chinese language and did not use Tibetan. The principles and policies, work plans, and important measures of the leading organs could not be conveyed and implemented well in the grass roots, while many situations and problems in the grass roots could hardly be reported to the leading organs. As a result, we suffered tremendous losses in our work, which were quite unnecessary.

It must also be pointed out here that due to the fact that many Han cadres working in Xizang do not know Tibetan, it is very hard to exchange feelings and ideas with the Tibetan masses. Some Tibetan cadres too cannot speak Tibetan well. As a result cadre-masses relations and work suffer unnecessary effects. The masses have strong opinions about this.

What is particularly serious and of far-reaching harm is the fact that many schools do not teach Tibetan or use it as a teaching medium. Some attach little importance to the study of Tibetan. Thus the quality of teaching declines, and there is no way to improve the scientific and cultural levels of the Tibetan people. It is very difficult to train qualified construction talented people of all types.

At present there is a serious shortage of Tibetan language teachers in the region. The extreme lack of talented people with a high standard of Tibetan language is a bitter and evil fruit left behind by leftist ideology.

Since the 3d Plenary Session of the 11th CPC Central Committee, the central authorities have brought order out of chaos in ideology and drawn up a series of correct principles and policies suited to Xizang realities. In 1980 and 1984, two forums on Xizang work were convened, both of which stressed the building of nationality culture and education. In particular, the minutes of the Xizang work forum of 1984 explicitly demanded that Tibetan language be used in teaching [words indistinct] and literature and art writing and performance in Xizang. As a result of efforts in the past few years, there has been progress in the study and use of Tibetan in the region. People have enhanced their understanding of the importance and urgency of studying and using Tibetan. However, there has been no fundamental change in the style of writing and teaching in which Chinese is the main medium. This has a very bad effect on the propaganda and implementation of the party and state principles and policies, on gradually popularizing and applying science and technology among the peasants herdsmen, improving the productive forces, gradually popularizing compulsory education, improving the quality of the entire nationality, and indeed strengthening nationality solidarity and preserving the unity of the motherland, and on the implementation of other major strategic measures.

Hence, on the question of written and spoken language, firmly and seriously implementing the state constitution and the regulations on nationality written

and spoken language, firmly and seriously implementing the party and state policy on nationality language, and tangibly changing the current abnormal situation in which Chinese predominates, and truly making Tibetan the predominant language is a major affair of strategic significance. Hence, we have drafted a number of regulations for the study, use, and development of the Tibetan language for deliberation by this congress session.

We propose that the regional organs mainly use Tibetan language, with Chinese used simultaneously, in exercising all their functions. We hold that this accords with China's national condition and with the actual conditions in the region, and it also accords with the long-term fundamental interests of the fraternal nationalities throughout the country, including Tibetans.

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XIZANG STRESSES IMPORTANCE OF TIBETAN LANGUAGE

HK210723 Lhasa Xizang Regional Service in Mandarin 1030 GMT 15 Jul 87

[Station "Short" Commentary: "Leading Organs Must Take the Lead in Attaching Importance to the Use of Tibetan Language"]

[Text] The Shannan Prefectural Administrative Office has attached importance to letters from the masses. After receiving the letter from a Tibetan girl, the administrative office promptly issued a circular, demanding that its subordinate organs strengthen their forces for translating and editing documents, ensure that documents on the policies, laws and regulations having a direct bearing on the masses be issued in both the Tibetan and Chinese languages, and enable the masses at the grass-roots level to promptly understand and grasp such documents. The administrative office has taken the lead in doing so.

This practice of attaching importance to the use of Tibetan language and this work style of thinking about the interests of the broad masses of the Tibetan people at the grass-roots level in agricultural and pastoral areas are worth promoting and developing.

We hope that other prefectures and leading organs at all levels will learn from the Shannan Prefectural Administrative Office, go into action without delay, get instant results in this regard, proceed in all cases from making things convenient for the broad masses of the Tibetan people, and actively take real action for studying the use and development of Tibetan language.

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POLITICAL

BRIEFS

GUANGDONG LEADER'S ELECTION ANNULLED--The 27th meeting of the 6th Provincial People's Congress Standing Committee, which opened this morning, decided to announce the annulment of the election for county governor made at the 1st session of the 7th Baoan County People's Congress. On 2 June, the Baoan County People's Congress elected a county governor. There were two candidates for the post, but neither received the votes of half the 227 people's deputies at the congress. Despite that, the Presidium announced that one of the candidates had in fact received more than half of the votes. This violated the relevant regulation of the local organic law. [Text] [Guangzhou Guangdong Provincial Service in Mandarin 0900 GMT 17 Jun 87 HK] /12232

GUANGXI PARTY CONFERENCE CONCLUDES--The Guangxi Regional Party representatives conference concluded in Nanking today after 5 days in session. After full discussion and debate, the participants elected by secret ballot 39 delegates to attend the 13th Party Congress. In the election process, democracy was brought into full play, the views of the majority were respected, and the number of candidates exceeded the number of slots. During the meeting, Regional Party Committee Deputy Secretary Jin Baosheng delivered a report giving a basic summation of the 3-year party rectification in the region. Regional Party Committee Deputy Secretary Wei Chunshu spoke at the closing session, and deputy secretary Tao Aiying delivered the closing speech. Jin Baosheng presided at the closing session. [Text] [Nanking Guangxi Regional Service in Mandarin 1030 GMT 28 Jun 87 HK] /12232

TIBETAN DOCUMENT PRINTING URGED--How are we to enable the masses to quickly understand and have a good grasp of all the policies, laws, and regulations that have a direct bearing on them? This question has been discussed by a girl of Nedong County, Shannan Prefecture in her letter to the responsible person of the Shannan Prefectural Administrative Office in mid-June. The prefectural administrative office has attached importance to this letter, which was written in Tibetan and signed by "a girl who dares to speak." The letter said: At present, there are many documents in Chinese but few documents in Tibetan. People who do not understand Chinese cannot completely understand the higher authorities' policies, not to mention implementing such policies. The letter also cited an example: Due to its lack of understanding of relevant laws and regulations, a shop in Nedong District was baffled by a relevant department's decision to impose a fine of over 1,000 yuan on it. [Text] [Lhasa Xizang Regional Service in Mandarin 1030 GMT 15 Jul 87 HK] /12232

## EFFECT OF IMPORTS ON INDUSTRIAL MODERNIZATION EXAMINED

Beijing JINGJI RIBAO in Chinese 28 Mar 87 p 3

[Article by the Development Research Office in the Chinese Economic Reform Institute: "Basic Obstacles to Modernizing the Industrial Structure; Thoughts on Comprehensive Importation and Changes in the Industrial Structure"]

[Text] Since 1978 there has been a great change in the rapid growth of China's national economy compared to the pattern of growth over the past 30 years. Market demand has played a very clear part in spurring on the growth of the overall economy.

However, the satisfaction of this deprivation-induced consumer demand is characteristic of debt repayment. Once supplies are quickly furnished, the basic consumer goods needed for subsistence and the consumption of traditional nonessential goods necessarily slows down while the demand for consumer durable goods and high-quality consumer goods grows rapidly. Surveys have shown that expenditures by urban residents for new consumer durable goods grew 3.8-fold in 1985 compared to 1981.

Along with the trend toward individual consumption of higher quality goods, there has occurred the trend toward group consumption of "even higher quality" goods. Between 1981 and 1985 the purchases of superior imported consumer durable goods by social groups increased more than 70 percent per year.

It may be said that the direct response of supply to changes in demand is striking. Compared to 1980, in 1985 30.8 percent of the national newly increased GV10 came from new consumer goods in the principal production sector. However, the proportion of traditional consumer goods from the principal production sector in the GV10 fell from 28.2 percent in 1980 to 26.1 percent in 1985. It is necessary to further analyze this process of direct response, particularly the process of transmission to related industries. This is the key to whether or not the industrial structure can be modified.

Dependence on Imports While Changing the Industrial Structure: After 1978 the relationship between China's economic growth and imports grew stronger. In 1977 China's economic dependency on imports (the amount of increase in

imports/the amount of national income) was 1.6 percent while in 1985 it reached 53.5 percent. If we analyze further the changes in the import structure, the dependency of economic growth on imports becomes even more apparent during the period of modifying the industrial structure. In 1979 the proportion of manufactured industrial products among China's import commodities was 72 percent and grew to 88 percent in 1985. In terms of the rate of increase, these imports increased 1.3-fold. Along with the rapid increase in imports and changes in the structure, the increase in exports became slower than the increase in imports and changes in the structure were not obvious. The result of the coexistence of this rigid export structure and the high degree of dependency of new industrial growth on imports has been that the overall national economic growth has been limited by the difficulty in achieving a balance of international payments.

**Obstacles to the Transmission of Importation Among Industries:** Up to 1985, industries in China which satisfied new consumer desires had simply stopped during the assembly phase.

Experiences have shown that if one begins with processing and assembly and gradually transmits back, this leads to the integration of the establishment of new industries with the improvement of the overall industrial structure. This was the path chosen by backward areas and countries for the rapid growth of their national economies.

Even though the basic conditions as China heads along this path are far better than conditions in these countries, nevertheless, even the first step has presented considerable difficulties. First of all, there are the small-scale and poor results of the rapid expansion of China's productive capacity. The production of washing machines in China began in 1978. At the peak there were 300 plants throughout China. In 1985, there were only 41 enterprises which attained the minimum rational standard (200,000 machines per year). The annual production volume of nearly 100 enterprises was 4.5 million machines. Similar circumstances existed in the production of refrigerators, televisions, and small cars.

Many production enterprises have appeared during the initial period of new industrial growth that seem to be quite normal. Only by bankruptcy or annexation during competition could they achieve the economic scope required. First, however, the possibility of large-scale enterprise bankruptcies does not exist in China nor does the mechanism for merging enterprises. Second, local governments at all levels have played a key role in setting up the development pattern in the new industrial sphere characterized by excessive numbers of assembly enterprises and very few enterprises that manufacture spare parts. Under such conditions, new industrial development which is sustained by imports has not been transmitted to related industries even as it continues to stimulate consumer demand toward even higher levels. The result is that, on the one hand, it seems that the large consumer appetite is considered satisfied. By continuing to rely on imports, the short-term rapid rise in output created by imports has caused the market to quickly become sated. Objectively, the life span of new industrial products that require relatively long periods of preparation is very brief. On the other

hand, the enormous original industrial system which relied on investments has serious "excesses."

Drawbacks in the Mechanism of Comprehensive Importation and the Choice of Modernizing the Industrial Structure: Until recently the total volume of imported mechanical equipment in China increased substantially except for the metallurgy and chemical industries. In 1985 there was a large reduction due to large-scale national importation in the early days of the Sixth 5-Year Plan. The industries in which importation grew the fastest showed a four-fold increase, thereby giving rise to the trend of comprehensive importation. If modernization means the renovation of all production equipment in the whole of society, this, then, is obviously not possible. Moreover, technological advances and industrial transformation in any country is not achieved in this way. Modernization of the industrial structure can only be achieved when there is a high degree of division of labor and specialization.

Structural factors lie behind comprehensive importation. Under the traditional system China formed an industrial organizational structure which was both similar and dissimilar to socialized production in many ways. The division of labor among different enterprises in the same field was very weak. The result of dividing industrial firms according to department was isolation among departments. The regional distribution of enterprises and industrial firms was also strongly restricted by local divisions. Under such preconditions, large-scale technological transformation of the importation of equipment meant the formation of the trend of comprehensive importation. However, if, as in the past, modernization has an organizational framework which is limited to one enterprise, one region, and one department, this can only lead to new equipment combined with poor results.

During the course of modernizing the industrial structure, problems have occurred which sound the alarm: during importation not treating "import substitution" as a national policy; along with the constant increase in income, the quality of consumption continues to rise; the gap between new industries which rely on imports and the traditional industrial base is getting larger; and China's traditional superiority of being stronger than most developing nations may become a weak point, that is, traditional industries may become a hindrance to development rather than the basis.

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CSO: 4006/630

## ECONOMIC COMMISSION ON CONTRACT MANAGEMENT IN ENTERPRISES

Beijing JINGJI RIBAO in Chinese 21 Apr 87 p 1

[Interview with responsible official in the Enterprise Bureau of the State Economic Commission by staff correspondent on contract management responsibility system: "Intensify Structural Reforms; Improve Enterprise Vitality; Promote Economic Growth"; place of 18 April interview not given]

[Text] On 18 April an official of the Enterprise Bureau of the State Economic Commission answered questions posed by this staff correspondent concerning the implementation of the various forms of the contract management responsibility system in large and medium-sized enterprises.

[Question] Why is the state promoting various forms of the contract management responsibility system at present?

[Answer] First of all, it is necessary to clarify this concept. In the past we have always spoken of the management contract responsibility system but this wording is not accurate. Enterprise management is a broad concept. It includes contract management, rental management, assets management, stocks management, and various other forms. The contract management responsibility system is a form of management characterized by the use of contracts. In accordance with circumstances in different enterprises, implementing various forms of the contract management responsibility system in a planned way and promptly summing up experiences in promoting these forms of management will play a significant role in economic growth and in making future reforms both this year and in the next few years.

[Question] Why has the state primarily only promoted five forms of the contract management system of responsibility?

[Answer] Conditions among enterprises differ greatly. The state has always tried to find effective methods applicable to all kinds of enterprises, particularly large and medium-sized enterprises, which would be advantageous to tapping their potential and motivating enterprises and the initiative of staff and workers. These various forms of management have all been practiced for several years and have proven to be remarkably effective. Their basic features are: a fixed base number of contracts, guaranteed payments to the state, retention of excess revenue, self compensation for insufficient revenue,

self-accumulation, and self-development. The two forms, "two guarantees and one linkage" and progressively increasing profit-delivery contracts, are both even more suitable for large and medium-sized publicly owned industrial enterprises which have major technological transformation projects.

[Question] What characteristics do these various forms of the contract management system of responsibility have in common?

[Answer] 1. They are all in keeping with the principles of ownership and management authority. Within the contract period enterprises have full management autonomy and property utilization rights. They may reinforce their management mechanism of self-development and self-control so that enterprises change from organizations that carry out operations to ones with autonomous management. 2. They practice the contract management system of responsibility in which enterprises assume risks. The benefits, however, are great and worth the risks. 3. This contract management system of responsibility primarily strengthens enterprise vitality. The profits retained by the enterprise are primarily applied to technological transformation. This requires that enterprises strive to increase production and income, make careful calculations, practice strict budgeting, and stress resists. 4. They are advantageous to promoting technological advancement. 5. They are also advantageous to readjusting the industrial structure and product mix so that enterprises do not seek out the "mayor" but rather the market and distribute goods according to market demand. They are advantageous to increasing the adaptability and competitive ability of products. 6. They encourage enterprises to tap their inherent potential. Once enterprises outgrow their mentality of being dependent on higher authorities, they will rely on themselves and they guarantee the completion of contracts through the implementation and perfection of the economic responsibility system within the enterprise. At the same time, the harder enterprises strive to tap their potential the greater benefits they attain, all of which promotes a benign cycle.

[Question] What issues must we focus on when implementing the contract management responsibility system?

[Answer] These various forms of the contract management system of responsibility are not perfect and flawless. They still require constant development and improvement during future implementation. At the same time, it is also necessary to focus on and improve coordination with the second phase of substituting profits for taxes and with future reforms. Based on current conditions, it is necessary to pay attention to the following:

1. Rationally determining the base number of contracts. We cannot expect the state to once again reduce taxes and increase profits. Enterprises must receive more of the excess revenues. In general, the actual results from 1986 should be regarded as the base number and, according to the differing conditions in enterprises, we should determine the proportion of increase and the ratio for sharing excess revenue.
2. Prevent inflation of the expenditure reserve fund. Enterprises must carry out relevant state regulations when implementing contract management

and in the issuance of wage bonuses. On the one hand, an appropriate proportion of enterprise retained profits is set aside for the welfare fund and the award fund and, on the other hand, when wages and bonuses are issued in excess of regulations, a wage adjustment tax and bonus tax are collected.

3. Solve the problem of making contracts while retaining some flexibility. Once an enterprise has contract management it should maintain policy stability and not make arbitrary changes. Besides major readjustments of national economic policies (such as large readjustments in kinds of taxes, tax rates, and product prices under ordered planning) when enterprises find it difficult to assume responsibility or when they obtain excessive profits, they should carry out suitable readjustments of contracts. The effects of other small changes should generally be independently absorbed by the enterprise.

4. It is necessary to integrate the implementation of contract management with the reform of the enterprise leadership mechanism. It is necessary to carry out the factory manager responsibility system, the factory manager term objective responsibility system, and the end-of-term auditing system. Factory managers of contract management enterprises may assume the post from the incumbent factory manager or the procedure of inviting bids may be adopted with the winning bidder assuming office. In general, the contract period should coincide with the 5-year plan and the term of office of the factory manager (3 to 5 years).

5. It is necessary to continue to steadily move forward and not be precipitate. For specific methods once may refer to the experiences of Beijing Municipality. On behalf of the government, the State Planning Commission, the State Economic Commission, the System Reform Commission and Finance, Labor, and Bank departments have been organized to jointly examine and approve plans. When conditions are right, contracts will be drawn up and signed by enterprises.

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## REASONS, POSSIBLE SOLUTIONS FOR DEFICIT GIVEN

Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 7 May 87 p 2

[Article by Wang Guomin [3769 0948 3046]: "Acknowledging the Deficit Problem from the Overall Viewpoint of Economic Development"]

[Text] As reform of the economic system gradually advances, China's economy is starting to flourish, and the economic situation is becoming better and better. At the same time, a number of constraints affecting economic development have attracted more attention and concern. One of the more salient issues is how to acknowledge the deficit.

Why is it that deficits occur? The deficits that have occurred since 1979 are primarily due to the following causes.

1. There have been striking changes in the structure of distribution of the national income, and these changes are extremely ill-suited to the burden of expenditure borne by the state's financial departments. The most striking change is that the proportion of domestic financial revenue in national income has been decreasing year after year. In 1979 it was 31.9 percent; in 1985 it had dropped to 26.9 percent; and in 1986 it dropped to 25%. During the Sixth 5-Year Plan, budgetary revenue accounted for 56.5 percent of all budgetary and nonbudgetary revenue, while nonbudgetary revenue accounted for 43.5 percent; during the Fifth 5-Year Plan, budgetary revenue accounted for 71.5 percent, while nonbudgetary revenue accounted for only 28.5 percent. Simultaneous with this relative reduction in budgetary revenue, budgetary expenditure increased sharply. Price subsidies and subsidies for enterprise losses in particular have become a serious burden for the state's financial departments. In 1985 these two subsidies amounted to more than 50 billion yuan; in 1986, they were 56.4 billion yuan, and this year they will increase further. At the same time, costs and expenditures of administrative institutions and individuals, public utilities costs, housing costs for urban staff and workers, and other nonessential expenses have also increased quite rapidly in recent years.

2. More and more people are expecting quick results, and the appetite for spending is increasing. Despite the series of measures taken by the state in recent years in the areas of economic development and system reform, we are still facing a conflict between acute demand and what is possible. All sorts of things need to be done, and this has caused a steady increase in

expenditure. In 1985 in particular, several abnormal factors caused financial revenue to increase sharply, and everyone was calling for more things to be done, more money to be spent. In addition to this, the reality of some problems had not been fully acknowledged, which caused that year's domestic expenditures to increase too quickly, by 18.9 percent over the previous year. As expenditure is rigid (i.e., it can rise but not fall, or, it is easy to increase but difficult to reduce), not only can expenditure not be pushed down during 1986 and 1987, but it will continue to increase, affecting financial balance for those two years.

3. Several abnormal, unstable factors persist in economic development. Structural conflicts have been steadily more apparent in the economic development of recent years; the economic returns of enterprises are also showing a clear downward trend, and there have been large fluctuations in economic growth. The presence of these abnormal, unstable factors has affected the stable growth of revenue. For example, of the more than 35 billion yuan in newly added revenue for 1985, nearly 20 billion was one-time, temporary revenue brought on by the overheating of the economy and greater use of foreign exchange to expand imports. These special factors did not obtain in 1986, so that revenue did not go up and expenditure could not be held down. The conflict between income and expenditure naturally became even sharper.

4. Financial management is insufficiently stringent; in taxation management, fraud, kickbacks, and skimming are common.

The overall impact of the above factors is inevitably a deficit. Hence it is difficult to perform a thorough analysis of the matter solely by examining the balance between revenue and expenditure, or by talking just about deficits. Only by acknowledging the problem of financial balance in the context of the national economy is it possible to get to the crux of the matter.

The effect of a deficit on the economy is determined by how it is used and how it is made up.

After World War II, many Western countries put their faith in Keynesian economics and implemented deficit financing, the principal purpose of which is to stimulate effective demand if it is flagging. The direction in which the deficit was applied was perfectly clear. In China however, there is never a clear direction in which the deficit is applied, whether the deficit shows up after the fact, or was deliberately set beforehand.

Making a clear distinction in the direction in which a deficit is to be applied is extremely important for analyzing its impact on the economy. If an imbalance in overall social supply and demand is a manifestation of inadequate demand, then implementing deficit financing may stimulate an increase in demand, bringing it into balance with social supply. When total social demand exceeds total supply, however, and expenditure is increased, thereby bringing on a deficit, it will then be necessary to differentiate among various situations in order to make a specific analysis. If the increase in expenditure is applied primarily to the weak supply links (such as China's supply of energy and communications, which has long been ill-suited to the demands of economic growth), then in the short term this deficit will actually

aggravate the imbalance in overall supply and demand; in the medium and long term, however, it will be helpful in achieving a new balance at a higher level in overall social supply and demand. If the deficit financing serves merely to increase total demand, or if it basically has no clear application and serves only to increase expenditure due to all sorts of pressures and demands, the deficit incurred will only be able to aggravate the already existing conflict between supply and demand.

There are several ways to make up a deficit: 1) drawing on surpluses accumulated over the years; 2) adding new taxes or raising tax rates; 3) borrowing by the financial departments from banks; 4) overdrawing by the financial departments on banks; 5) issuing special bonds to make up the deficit.

The first and second approaches are limited by certain conditions. First, there must have been surpluses in previous years. Second, if the surpluses are mainly scattered among local governments, it is generally difficult to centralize those funds in order to apply them to making up the deficit. Adding new taxes or raising tax rates is also restricted by national tax laws and cannot be easily applied.

Borrowing from banks in fact amounts to borrowing the banks' credit funds to make up the deficit. This requires looking at the specific credit situation. If that year's deposits and loans cancel each other out, if deposits exceed loans, or if other sources of credit funds have increased, then there is generally no major problem in borrowing from the bank to make up the deficit, and it will have no major impact on the economy. However, if the bank's deposits and loans cancel each other out but loans are basically greater than deposits, then borrowing from the bank means that for that year, regardless of whether the loan is repaid, the bank is being squeezed, and it will have to expand its currency issues or reduce its other credit applications in order to support the financial departments.

The result of using the overdraft approach is similar in nature to borrowing from the bank even when the bank is experiencing a credit gap. Of course, there is a difference: overdrafts do not need to be paid back.

In terms of the overall balance of social funds and for a relatively long period of time (five to ten years) issuing bonds to make up a deficit simply means that the state becomes a debtor; in accordance with the principles of paying interest and repaying what was borrowed, bond purchasers are encouraged to spend the money they now have on hand at a later date. This only temporarily changes their right to use these funds and does not increase the supply of funds. In this sense, issuing bonds to make up a deficit has less of an impact on the economy than do the other approaches. However, deficit bonds cannot be counted as budgetary revenue, or it would become a matter of using someone else's funds, creating a great hidden peril for future years.

The different approaches to making up deficits produce different impacts on the economy. In specifically analyzing the impact of a deficit, we must begin with economic development and, in particular, conduct a comprehensive analysis in light of the current credit situation.

The financial difficulties we are now facing are a reflection in revenue and expenditure of the various conflicts arising during economic growth and system reform. In this regard, on the basis of a full acknowledgement of the impact of deficits on the economy, we must earnestly study the appropriate countermeasures favoring smooth implementation of reform and stable development of the economy.

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CSO: 4006/705

## QINGHAI'S FINANCIAL REFORM DISCUSSED

Xining QINGHAI RIBAO in Chinese 1 Apr 87 p 4

[Article by Gong Guoping [6300 0948 1627]: "Reflections on Financial System Reform in Qinghai"]

[Text] As reform of the economic system advances and the commodity economy develops, Qinghai's financial system has also undergone some reforms. However, the pace of financial system reform is still not adequate. The main problems at present are: the provincial people's bank lacks methods of macrocontrol, and work is careless; the vertical distribution of funds is at odds with horizontal integration of the economy and impacts the horizontal flow of funds; benefits from the application of funds are poor, with last year's finished-products funds accounting for 32.67 percent of quota circulating funds as shown by a survey of occupancy of circulating funds in Qinghai's 188 state-run industrial enterprises, so that funds are tight even while products are overstocked; financial enterprises lack internal vigor and drive.

These conditions illustrate that reform of the financial system is far from being able to meet the demands of overall reform; given Qinghai's actual situation, therefore, it is necessary to accelerate the pace of financial system reform. To this end, the author offers the following thoughts:

1. Reform and perfect the central bank's macroeconomic regulating and control measures and establish a funds management system combining horizontal and vertical, with horizontal predominating, in which prefectural and municipal people's banks serve as regulating centers. Beginning this year, gradually implement dual plan management; in addition to formulating comprehensive provincial credit plans, formulate social credit plans on a trial basis, to be used to regulate the overall scale of credit. Under macrocontrol, cut back on mandatory plans and expand the scope of guideline plans. With the exception of credit shortfalls and fixed-asset loans, for which mandatory plans are used, guideline plans should be applied to all other circulating-fund loans. Assuming that specialized banks guarantee credit funds for loans, they should be allowed to borrow from one another to regulate their funds in order to solve the problem of shortages of funds for certain purposes. Improve the people's bank loan management methods. Specifically: people's bank loans should be subject to stringent planning control and the funds supply system should be eliminated. At the same time, when specialized banks do not have sufficient funds, they should take in deposits, borrow through money markets,

or issue short-term bonds to raise adequate funds. The provincial people's bank should also turn over lending authority to the secondary branches which would then control the issuance of loans. At the same time, a certain percentage of the special loans under the control of the provincial people's bank should also be turned over to the secondary branches. Likewise, the funds of other specialized banks should also be turned over to the central subbranches. In addition, the people's bank should initiate mortgage loans and rediscounting as soon as possible and gradually reduce credit issues.

2. Money markets should be opened in stages to promote horizontal lending. The vertically compartmentalized management of specialized banks, and their sluggish information system, leads to poor circulation of funds at the local level. To overcome this, money markets should be opened in stages in order to encourage borrowing in the "time-space gap" in applying funds among specialized banks and financial institutions, so that they can lend to one another and stimulate funds circulation. Given Qinghai's actual situation, we must now consolidate and develop Xining's transregional and transsystem money market. At the same time, the specialized banks and the various regions can open different subsystem and subregional money markets. In order to stimulate lending, we must first clearly assign autonomy in borrowing and lending to the financial institutions at all levels, in which the local governments and higher-level banks should not interfere. At the same time, lending units should not be restricted by the size of their region or structure or by their nature. For the present, short-term lending should predominate, with interest rates and due dates determined by both parties through negotiation and free business transactions. At the same time, the people's bank should reinforce its management and guidance, provide information services, and support market credit.

3. Establish discounting markets, and begin accepting and discounting bills. Bill acceptance and discounting are traditional banking operations. Because of excessive control in the past, banks no longer conduct them; people are not generally aware that a large part of account settlement among enterprises occurs on the basis of commercial credit they issue themselves, which causes them to be in arrears with one another and poses difficulties for the turnover of funds. The key to solving this problem lies in the specialized banks adopting methods to reduce the amount of credit issued and to push the use of commercial credit notes, with all banks handling note acceptance and discounting operations. To ease concerns by specialized banks about subsequent trouble, the people's bank should handle rediscounting. Preferential interest rates should also be applied to discounting and rediscounting so as to encourage this type of operation. Loans to enterprises that are equipped for discounting but do not practice it should be restricted.

4. Improve account settlement methods and accelerate funds turnover. Banks are slow in settling accounts, and large quantities of money are in transit. Payments to other areas are particularly slow. On the basis of Xining's note payments, account clearance should gradually be expanded this year, first by including bank notes from the counties of Datong, Ping'an, Huangzhong, Huzhu, Huangyuan, and Ledu, in the area around Xining, within the Xining note clearance center, treating them as exchange within the same city. At the same time, prefectures and counties with relatively more specialized banks can

adopt county exchange methods and handle note clearance. In addition, bank draft settlement should also be enthusiastically promoted. In areas and bank locations where conditions allow, telephone (or telex) remittance should be tried to cut down on settlement via bank with purchaser's acceptance and accelerate funds turnover.

5. Strengthen foreign exchange management and enthusiastically launch foreign exchange regulating operations. The focus in strengthening foreign exchange management should be on policy measures encouraging and supporting purchases of export products and supporting the development of exports to generate foreign exchange, while at the same time strengthening management of exports, with stringent quotas for imports and the use of foreign exchange; Qinghai's limited foreign exchange should be used to bring in advanced technology, equipment, and raw materials in short supply domestically, and to improve enterprise capacity for generating foreign exchange. Concurrent with strengthened management, exchange regulating operations should be positively launched to establish bridges making it possible to regulate surpluses and shortages of exchange so that precious foreign exchange can be used flexibly. Funds can also be allocated by the provincial people's bank to buy up the scattered sums of foreign exchange held by enterprises, assigning it out to those units that can use it, and offering loans secured by foreign exchange to support the province's economic development.

6. Enthusiastically develop urban credit cooperatives. In the last two years, Xining has opened several urban credit cooperatives; this experience has shown that these "little banks" in which the masses willingly invest and which do independent accounting, operate autonomously, and take responsibility for their profit and loss, enthusiastically serve small neighborhood collectives and individual industries and businesses. Their operations are flexible; they offer complete services and simple procedures and make up the shortfalls of the larger banks. They are well received by collectives and individuals. They should be vigorously developed in Xining, and urban credit cooperatives can also be opened on a trial basis in Golmud and in the more economically developed prefectural seats.

7. Allow appropriate overlapping of specialized bank operations and develop competition. One salient problem among the specialized banks at present is the monopoly of specialization. In order to overcome this, and given Qinghai's situation, the specialized banks can launch limited competition, with appropriate overlapping of operations, with a basic division of labor initially. 1) In the area of deposits, all savings operations should be decontrolled; in order to attract more deposits, the specialized banks should all handle savings. 2) In the matter of loans, in principle the original division of labor should be followed, but enterprises having good reason to do so should be able to change banks after receiving approval. 3) If an enterprise's original bank is short of funds, the enterprise should be allowed to borrow from another bank and open a secondary loan account. 4) If a single bank is unable to provide the fixed-asset loans required by an enterprise, the people's bank may organize a syndication loan.

## PRC PAPER ON REFORM OF RENMINBI EXCHANGE RATE

HK301520 Shanghai SHIJIE JINGJI DAOBAO in Chinese 1 Jun 87 pp 10-11

[Article by Wu Nianlu (0702 1819 7627) and Zhang Ying (1728 4481): "Reform of the Renminbi Exchange Rate: Results, Influence, and Countermeasures"--full text to be published in GUOJI WENTI YANJIU No. 8--the article is published here in a slightly abridged form]

[Text] Since 1981, to conform with the need of economic structural reform in our country and the implementation of the policy of enlivening the domestic economy and opening up to the outside world, a series of reforms have been carried out with regard to the exchange rate of the renminbi: the dual exchange rate implemented from early 1981 to the end of 1984, the unitary exchange rate implemented since 1985, and the two drops in exchange rate. What results have been obtained? What influence has it had? It is necessary to reconsider these issues in order to make a further policy decision.

#### I. A Comment on Various Measures Taken to Reform the Exchange Rate of the Renminbi

##### 1. The implementation of the policy for the internal quoting price.

Since 1979, our country has carried out the reform in the structural system of foreign trade. Foreign trade, which was formerly monopolized by the state, has now been decentralized, and is being run by various institutions. The jurisdiction of localities for export has been expanded. Economic accounting of enterprises responsible for foreign trade has been strengthened in order to make up the deficits incurred in the exports of enterprises. In the meantime, imports have been restricted, and commodity prices at home are stabilized. On the basis of relying on export to earn foreign exchange in addition to rational profit, our internal quoting price in trade was: \$1 was equal to 2.80 yuan. The decision was implemented on a trial basis as of 1 January 1981. For nontrade purposes, the exchange rate was based on the listed price announced by the Bank of China. In 1981, \$1 was equal to 1.53 yuan. A dual exchange rate system was thus formed.

Owing to the internal quoting price, the exchange rate of the U.S. dollar against renminbi actually dropped from \$1 to 1.53 yuan to \$1 to 2.80 yuan. At that time, due to the fact that price levels at home were comparatively stable, the exchange rate of the greenback was rising, and the world economy

was recovering from crisis, and that some comparatively strict administrative measures were taken to control foreign exchange, judging from international revenues and expenditures as a whole, the dual exchange rate system did play a certain role in encouraging exports and restricting imports. Therefore, foreign exchange reserves rapidly increased.

However, judging from the structure of the balance of international payments, there were some defects in the implementation of the dual exchange rate system: 1) As far as export was concerned, due to different varieties of commodity export prices and monolithic subsidies in the foreign exchange rate, the internal quoting price brought substantial profits to products with lower costs in terms of foreign exchange. But the losses on commodities with higher costs in terms of foreign exchange were not significantly reduced. 2) As far as import was concerned, due to the fact that the commodity import price was different from the internal allocation price, the ministry of foreign relations and trade suffered losses in import rather than making profits. With regard to the import of some raw and processed materials, facilities and other necessary products, the government increased its financial subsidies because of the increase in import costs. As for chemical fiber products and home appliances, it was difficult to restrict their import because great profits could be obtained from their import due to great price differences at home and abroad. 3) In the nontrade field, due to the fact that there was a wide gap between the open exchange rate and the internal quoting price, overseas Chinese and their relatives, and Hong Kong and Macao compatriots were compelled to "send goods rather than sending remittances," or to "send foreign bank notes instead of a remittance." This affected our income from overseas remittances.

In addition, sometimes it was difficult to strictly differentiate between the two exchange rates. This caused confusion in the management of foreign exchange. Due to the fact that the distinction was not sufficiently clear, units concerned vied with one another to use the internal quoting price to handle nontrade foreign exchange, and foreign exchange provided by foreign investors. China was thus thrown into passivity in foreign financial relations.

We believe that the implementation of the dual exchange rate system needs certain historical conditions. When China had just begun implementing the policy of opening up to the outside world, the dual exchange rate system was not only a good way to strictly control foreign exchange, but was also a means for encouraging exports and restricting imports. It was a transition for the reform in exchange rate. The system played a certain historical role.

2. The implementation of unitary exchange rate system. With the lapse of time, we discovered that there were more disadvantages than advantages in the implementation of the dual exchange rate system. With the continuous increase of the exchange rate of the greenback, the promulgated price of the renminbi gradually declined, and it was close to the internal quoting price. As of 1 January 1985, we abrogated the internal quoting price system for trade. We reintroduced the unitary exchange rate system. The unified exchange rate is:

\$1 equals 2.80 yuan. Compared with the dual exchange rate system, we have found out the advantages of a unitary exchange rate system: 1) It is simple and easy to manage, and the defects of chaotic calculation due to blurred differentiation between the two exchange rate systems can thus be overcome. 2) It conforms with demands set by the IMF member states. 3) It is beneficial to maintaining the prestige and stability of the renminbi exchange rate. Therefore, it is necessary to carry out the reform of changing the dual exchange rate system into a unitary exchange rate system.

Over the past 2 years or so since the implementation of the unitary exchange rate system, the renminbi exchange rate dropped twice. On 30 October 1985, the exchange rate fell to \$1 to 3.20 yuan. On 5 July 1986, it dropped again to \$1 to 3.70 yuan.

The reasons for the two drops were, more or less, the same. They were mainly: 1) Due to the readjustment of commodity prices at home and competition among ports, the export cost in terms of foreign exchange successively increased. 2) Starting from the 4th quarter of 1984, credit at home was macroscopically out of control. Although control was exercised over credit in 1985, the raid increase in investment and consumption demand had not yet been completely curbed. Price levels at home were rising, and the renminbi exchange rate was obviously overestimated. 3) The measures for control over foreign exchange were not forceful enough. 4) The domestic pricing system had not yet been straightened out. There was a great demand for imports, whereas exports stagnated. Foreign exchange reserves fell drastically.

The objectives for the two drops in the renminbi exchange rate were also, more or less, the same. They were mainly aimed at mitigating the influence of the overvalued renminbi exchange rate so that the exchange rate would play its fullest role as a lever to attain the objective of encouraging exports and restricting imports.

However, the methods adopted on the two occasions were not the same. The first drop was markedly reflected in the market quotation promulgated by the Foreign Exchange Administrative Bureau. From 1 January to 30 September 1985, the renminbi exchange rate against the greenback was slowly declining. During the second drop, things were different. From 30 October 1985 to 4 July 1986, the exchange rate was stable around the \$1 to 3.18 to 3.222 yuan mark. On 5 July, it suddenly dropped to the level of 3.70 yuan.

The background for the two drops in the exchange rate was not the same. The background for the first drop was: 1) Although the price of the greenback in 1985 increased first and declined later, the general level was still slightly high. 2) According to the internal quoting price system implemented as of 1 January 1981, the exchange rate for renminbi was \$1 to 2.80 yuan. The rate was actually maintained for 4 years and 10 months. The stronger and weaker regulating role of the exchange rate in imports and exports was already fully manifested. The background for the second drop was: 1) the greenback repeatedly declined. On 4 July 1986, the exchange rate of the greenback against the Japanese yen and the mark dropped to \$1 equalling 160.9669 yen and

2.1728 marks respectively. 2) From the end of October 1985 to early July 1986, there was a comparatively short interval of only 8 months since the previous drop in the renminbi exchange rate.

We believe: a) The decline of exchange rate can play a regulating role in imports and exports, but there is a certain limit. In particular, in a country like ours mainly based on a planned economy where the information "feedback" mechanism is not sensitive enough, the readjusting role of the exchange rate is limited. If we merely rely on the continuous decline of the exchange rate to encourage exports and restrict imports, we can only get half the result with twice the effort, or obtain negative results. b) If the exchange rate for renminbi drops continuously, enterprises are liable to apply for the use of foreign exchange ahead of time, but delay the work of converting foreign exchange. This affects our country's administration of its foreign exchange. c) We basically use the U.S. dollar as a currency for quoted prices in our export trade. When the U.S. dollar is devaluing greatly against other Western currencies, the exchange rate of the Renminbi against the U.S. dollar also devalues by a big margin. Under such circumstances, some foreign trade companies will not actively strive for better transaction prices. They concentrate mainly on fulfilling their tasks, and on deriving benefits from the devaluation of the renminbi. This will affect our country revenues from exports. d) The price reform of the means of livelihood in our country has been basically carried out. However, price reform of the means of production has not yet begun. The continuous drop of the renminbi exchange rate and the major action taken in this regard will not help us to attain the desired objective. On the contrary, it will play a negative role. For example, excessively large financial subsidies, the increase of deficits, inflation and so on will adversely affect the mechanism of price reform. Although we believe that it was rational to lower the exchange rate from 2.80 to 3.20 yuan, a further drop from 3.20 yuan to 3.70 yuan was altogether too hasty.

## II. The Limitation of the Role of Forcing Down the Exchange Rate of Renminbi

1. The composition of our country's export commodities has restricted the role of forcing down the exchange rate in stimulating exports. Theoretically speaking, the devaluation of the currency of a country will make the export products of the country cheaper so that they can be more competitive on the international market. Exports can also be expanded because of this. However, the growth rate of exports should be larger than the rate of the reduction of the export price. Only thus can the total export volume of the country be increased. After the devaluation of the currency of a certain country, whether the export volume of the country can be increased is determined by the price elasticity of foreign countries for the demand of the commodities produced by the country. Our country's export commodities mainly consist of primary products. Such export composition has restricted the role of forcing the exchange rate down in stimulating exports. With regard to export in recent years, based on statistics issued by the Foreign Trade Ministry, the total average annual export amount in 1985 and 1986 increased by \$1.3 billion, lower than the average growth rate of \$2.45 billion from 1979 to 1984. The

continuous drop of exchange rate has intensified the competition of the exports of primary products with lower costs in terms of foreign exchange. This has worsened the composition of export commodities, and reduced the percentage of the export of industrial finished products.

2. The foreign trade and foreign exchange administrative system in our country has restricted the role of lowering the exchange rate in stimulating exports. At present, our foreign trade and export administrative system is characterized by mainly relying on mandatory planning while making guidance planning subsidiary. Some 79 percent of export commodities are guided by mandatory planning. These commodities must be exported regardless of costs in terms of foreign exchange. Owing to the unitary subsidiary system for export products and relevant decisions on export commodities, it is unavoidable to set different costs in terms of foreign exchange, and to provide different financial subsidies for different kinds of commodities. Therefore, under the present conditions of mandatory planning in China, the initial amount of costs in terms of foreign exchange is submitted by the State Planning Commission and Ministry of Foreign Economic Relations and Trade, and the Ministry of Finance approves the average total costs in terms of foreign exchange. After that, the Ministry of Foreign Economic Relations and Trade, lists the costs in terms of foreign exchange in several main categories, or informs various affiliated companies and sections the costs in terms of foreign exchange for specific commodities. Various affiliated companies and sections buy or sell commodities according to the approved costs in terms of foreign exchange. If emphasis is placed on the fulfillment of export plans, the approved costs in terms of foreign exchange has to be repeatedly readjusted. Therefore, foreign trade companies do not care about the exchange rate, but show concern for the higher or lower costs in terms of foreign exchange. Therefore, the exchange rate does not play a significant role in readjusting the exports covered by mandatory planning.

The exchange rate can only readjust the exports of commodities not covered by mandatory planning, so that some enterprises that are solely responsible for their own profits and losses, and foreign companies in charge of exports will vie with one another to export products whose costs in terms of foreign exchange are lower than the exchange rate. Regulated prices in foreign exchange higher than the exchange rate has virtually become the aim of these enterprises of setting their costs in terms of foreign exchange. The differences in various localities and departments in terms of the retention of foreign exchange, and the rampant black market in foreign exchange add fuel to the flames, and accelerate unequal competition. Under the situation of unequal competition, to fulfill their plan, foreign trade companies whose exports are covered by the state plans cannot but participate in competition, and their costs in terms of foreign exchange become higher and higher. Such practices of forcing up commodity prices to rush for goods and underselling have aggravated the strain on commodity supply and the shortage of commodities. All this has caused structural inflation.

3. The decline in exchange rate can never restrict the quantity of our import products. Judging from the structure of our import commodities, we know that

the price elasticity of our import commodities is comparatively small. In other words, under the conditions that the price of imported commodities remains unchanged in terms of foreign exchange, the exchange rate decline of renminbi means that the price of the imported commodities in terms of foreign exchange has risen. However, the quantity of imported commodities will not be reduced accordingly. According to statistics compiled in 1984, our import of industrial manufactured goods accounted for 87.6 percent of total imports. Of this percentage, the import of chemical products, mechanical products, and so on accounted for 50 percent. Most of these products are products which are difficult to produce at home, but are urgently needed in economic construction. The successive decline in the renminbi exchange rate will not play a significant role in restricting imports. According to statistics issued by the Ministry of Foreign Economic Relations and Trade, total imports in 1985 and 1986 were \$34.331 billion and \$33.083 billion respectively. They were much larger than the \$25.356 billion in 1984. By the end of 1986, the state's foreign exchange reserves had dropped to \$2.072 billion.

4. Decline of the exchange rate does not mean the reduction of financial subsidies. The excessively heavy burden of financial subsidies is mainly reflected in the following two aspects: 1) After the reduction of the exchange rate, exported products, which suffer from heavy losses, still need financial subsidies. The competition among primary products with lower costs in terms of foreign exchange becomes more acute. The fulfillment of export plans also needs financial subsidies. 2) Under the important administrative system in our country where the Planning commission makes initial plans, and the Ministry of Finance provides financial subsidies, and foreign trade companies carry out imports, our imports have turned from profits and losses since the implementation of the internal quoting price system in 1981. Under the conditions that the import amount and sales price at home remain unchanged, the further the exchange rate is dropped, the more financial subsidies are provided. Our import volume increases year by year. If the sales price at home remains unchanged, financial subsidies will be further increased. If the sales price at home increases, import-type inflation will be caused.

5. the continuous decline of renminbi will also affect non-trade income. Let us take tourism as an example. With the devaluation of the exchange rate, foreign exchange brought by tourists from abroad can be converted into more. If the level of commodity prices remains unchanged, the actual expenses of tourists in China drop in terms of foreign currency. Although the number of tourists has increased, the income in foreign exchange gained by tourism does not markedly rise. As far as income from remittances by Overseas Chinese is concerned, with the drop of the exchange rate, less remittance can be converted into the same amount of renminbi. If the expense in renminbi remains unchanged, the income from remittances by overseas Chinese drops. In recent years, the economic income of our country has been declining. Of course, foreign exchange management is one reason for this.

To sum up, if we only rely on a fall in the exchange fate of renminbi to stimulate the improvement of the international revenue and expenditures, the

role is limited. The work of forcing down the exchange rate should be carried out in conjunction with the reform in the administrative system of foreign trade and foreign exchange.

### III. Some Problems Which Are Worth Investigating

#### 1. The principle for fixing the rate of the renminbi.

Judging from the drop of the exchange rate of renminbi on previous occasions, we know that the export cost in terms of foreign exchange is the basis for fixing the level of exchange rate, and readjusting it. The internal quoting price system implemented in 1981 was based on costs in terms of foreign exchange in addition to certain business profits. The readjustment of the exchange rate in 1985 and 1986 was based on the fall in costs in terms of foreign exchange.

Theoretically speaking, we believe that fixing and readjusting the exchange rate for renminbi in accordance with the export costs in terms of foreign exchange is somewhat lopsided. This is because this method is only based on the single factor of export without considering import, non-trade revenues and expenditures, price systems at home and abroad, price structure, and so on, and their interaction. In practice it will be just a shame if we determine and readjust the renminbi exchange rate in accordance with the export costs in terms of foreign exchange, because it is not fully reflected by the true price level at home and circulation expenses. To a great extent, the factor of blind competition is involved in the export of foreign trade. This also means that the abnormal relations between supply and demand has distorted price. To readjust exchange rates in accordance with such prices can only give rise to rushing for goods at home at a higher price. Competitive selling at lower prices in foreign countries--increasing costs in terms of foreign exchange--forcing down the exchange rate--panic buying of goods, and competitive selling... will become a vicious cycle. It will not help the improvement of international revenues and expenditures. On the contrary, it will cause a great confusion in internal finance, commodity prices, and other economic fields. What is the principle which determines the fixing of the exchange rate level of renminbi? Theoretically speaking, the renminbi exchange rate between renminbi and foreign currency should be a ratio of their international magnitude of value. The exchange rate should truly reflect the price changes on both internal and external markets, and the price level of various countries, namely the level of purchasing power. We believe that such a price level should include trade, non-trade, labor service, and son on. Therefore, departments concerned should calculate the present various kinds of revenues and expenditures in foreign exchange, and the internal and external price ratio of the relevant commodities and labor service based on different weighted numbers [jia quan shu 0502 2938 2422]. We should do our best to get a unified ratio price which can reflect the reality more accurately. After setting the pattern for calculation, we should select some big cities at home and abroad, and regularly input figures which reflect the changes in various commodity prices so that we can get two curves. The first curve reflects the purchasing power of the people at home, whereas the second curve is a

comprehensive curve which reflects the purchasing power abroad. After that, we regularly compare the changes of these two curves in order to find a level which reflects the renminbi exchange rate more appropriately.

## 2. The problem of the readjustment of the renminbi exchange rate.

The readjustment of the exchange rate of renminbi covers the following two aspects: 1) The readjustment of the renminbi exchange rate level. In other words, the readjustment is carried out on the basis of the changes in the momentary purchasing power both at home and abroad. We should readjust the exchange rate levels with great care. Whether we force it up or down, the interval should not be too short. The readjustment should preferably be carried out at one go. It is no good readjusting it gradually. 2) Regular readjustment of the renminbi exchange rate. Due to the fact that the main Western countries follow a floating exchange rate system, their exchange rates change constantly. Renminbi is not pegged to a certain kind of currency to move up or down. It is linked to a basket of currencies so that its ability can be maintained. There occurs the problem of determining the basket of currencies and the constant readjustment of the exchange rate of the renminbi. When determining the weighted proportion of the basket of currency, the weighted proportion of the countries, which have close trade relations with our country, should be greater. The weighted proportion of various kinds of currency should not be kept unchanged for a long time. It should be changed in accordance with the development of bilateral trade, the status of the currency on international financial markets, and China's political and economic policies for foreign countries. The regular readjustment of the exchange rate should not be too frequent either. While carrying out regular readjustment, we should constantly pay attention to the changes in the exchange rate level to avoid too great a deviation. If the deviations are too great, we should either change the weighted proportion, or readjust the exchange rate level in a lump.

## 3. The exchange rate level of renminbi should be slightly overrated.

Due to the fact that renminbi cannot be freely converted into other currency, our country can only adopt a fixed unchanged rate system. We are unable to follow a free and floating exchange rate system determined by the supply and demand on foreign exchange markets. Therefore, we can only relatively and temporarily retain the rational exchange rate level of renminbi. The overrating or underrating of the exchange rate for renminbi is absolute and constant.

Although the exchange rate has been forced down thrice since 1981, the economic circles still generally believe that its exchange rate is still overrated. Does this mean that continuing to force it down is the only way out? Judging from the analysis mentioned above, we know that the effect of forcing the exchange rate down is limited. According to the marginal-utility decreasing law, the negative role of continuing to force it down might probably exceed the positive role. According to some comments by figures in the economic circles in foreign countries, the role of devaluing the exchange

rate of renminbi has reached its limit. Therefore, it is unwise to continue to force the exchange rate down, because doing so can only passively reflect the incessant increase in the costs in terms of foreign exchange. Although price reform for means of production is being carried out, properly lowering the exchange rate is not the only alternative. It is a wise act to slightly overrate the exchange rate is not the only alternative. It is a wise act to slightly overrate the exchange rate of renminbi through the efforts made in the following aspects so that the rise and fall of the exchange rate will not become an increasingly serious matter: 1) We should carry out an in-depth reform in foreign trade system, strengthen lateral links aimed at strengthening exports, eliminate blind competition among ports, make more efforts to improve foreign trade management and economic accounting, and lower costs in terms of foreign exchange for export commodities. 2) We should speed up technical reform, promote the enhancement of labor productivity, upgrade export commodities, and improve the quality and packing of export commodities. Through such economic levers as refunding export duties, preferential loans, and so on, we should improve the composition of export commodities. 3) We should strengthen macroscopic control over monetary credits, reduce inflation, and curb general demand for investment and consumption. In so doing, we will be able to control inflation and soaring commodity prices at home.

/12232  
CSO: 4006/0840

## IMPROVEMENTS IN PLANT TISSUE CULTURE TECHNIQUE

Beijing ZHIWU SHENGLIXUE TONGBAO [PLANT PHYSIOLOGY COMMUNICATIONS] in Chinese No 1, 25 Feb 87 pp 36-37

[Article by Fu Wanhua [0265 1238 5478] and Wang Yuqin [3769 3768 3830], Shanghai Institute of Plant Physiology, Chinese Academy of Sciences]

[Abstract] Plant tissue culture is generally done in expensive, triangular glass flasks or relatively inexpensive wide-mouthed jars. Experimentation requires large quantities of these containers, and they are easily damaged. Because of this, and because large quantities of agar are also used, expenses are high. An experiment was conducted using plastic boxes and a liquid medium (without agar) for plant culture, with excellent results. The boxes used were commercially available, transparent, flexible containers measuring 8x8x5 cm. Because this material will not stand high temperatures or pressure, three other disinfectants were tried, with the best results obtained using 70 percent ethyl alcohol for 1 hour. Experimental results obtained using not more than 10 ml of liquid medium were the same as those obtained using agar. The advantages of the liquid medium are as follows: It economizes on agar; long culture periods are possible because the liquid layer assures moisture preservation; it is suitable for shallow cultures; and there is no agar to break or damage roots, so the survival rate is high.

12510/9190  
CSO: 4011/27

## REPORT OF SCRAPIE IN SHEEP IN CHINA

Beijing XUMU SHOUYI XUEBAO [ACTA VETERINARIA ET ZOOTECHNICA SINICA]  
in Chinese No 2, May 87 pp 119

[English abstract of article by Feng Zeguang [7458 3419 0342], et al., of  
Sichuan Agricultural College, Yaan, Sichuan]

[Text] This paper reports the occurrence of scrapie in 115 2-year-old Border Leicester sheep imported from Scotland. From April to May and in December, 1983, two ewes and three purebred filial sheep showed pruritus and nervous signs. No mites or lice were found in the itching areas, and the two affected ewes lost weight rapidly and became extremely debilitated. They were killed at the agonal stage. There were no apparent gross lesions at necropsy. Microscopic examination showed characteristic vacuolated neurons (so-called "bubble cells"), spongy rarefaction of the gray matter and hypertrophy and proliferation of astrocytes in the brain stem (medulla, pons, thalamus and corpus striatum) of the central nervous system. The lesions were bilaterally symmetrical. The diagnosis was based upon the clinical signs and characteristic pathohistological lesions of the central nervous system.

9717  
CSO: 4011/0040

AGRICULTURE

ECONOMIC

GRAINS, COTTON, CLOTHS PROVIDED BY STATE GOVERNMENT TO SUPPORT WATER CONSERVANCY DEVELOPMENT IN POVERTY-STRICKEN REGIONS

Beijing ZHONGGUO SHUILI [WATER CONSERVANCY] in Chinese No 6, 15 Jun 87 p 1

[English abstract of article]

[Text] The State Government has provided a large amount of stored grains, cotton and cloths to support the poverty-stricken regions through "Relief Works," which are mainly road and hydraulic projects. Resources allocated for the years 1984 to 1990 for water conservancy projects for this purpose total: 1.463 million tons of grain; 63,000 tons of cotton; 171 million meters of cloth. The above goods are valued at 914 million RMB yuan. Through the end of 1986, 1.0 million tons of grain, 22,900 tons of cotton and 119.5 million meters of cloth, with a total value of 587 million RMB yuan plus the associated funds of 620 million RMB yuan, was allocated by the State Government.

9717

CSO: 4011/0038

## DIFFERENCES IN CHARACTERISTICS OF PHOTOSYNTHESIS AMONG THREE SOYBEAN VARIETIES

Shanghai ZHIWU SHENGLI XUEBAO [ACTA PHYTOLOGICA SINICA] in Chinese No 3, 1986 pp 259-265

[English abstract of article by Zhang Rongxian [1728 2837 6897], et al., of Nanjing Agricultural University]

[Text] The net photosynthetic rate of the Xuzhou 424 soybean is lower than that of the Suxie No 1 and 1138-2 soybeans under various  $\text{NO}_3\text{-N}$  concentration treatments. The difference is related to specific leaf weight, thickness of leaves, shape of palisade parenchyma cells and RuBP carboxylase activities.

There are two phases--the lag and log phases--during yellowing in deciduous leaves of the three soybean varieties. The length of the lag phase is correlated with the duration of active photosynthesis. There is no relationship between the lag phase and the photosynthetic rate. The 1138-2 variety has the longest lag phase, followed by Suxie No 1 and Xuzhou 424.

Up to a nitrogen concentration of 4 m mol/L, the photosynthetic rate increases with the increase of the  $\text{NO}_3\text{-N}$  concentration. Above a nitrogen concentration of 4 m mol/L, the increase of the photosynthetic rate becomes slower or even ceases. This demonstrates that there is a quadratic curve equation for the response of photosynthesis to nitrogen and a linear function for the response of individual dry weight to nitrogen. The linear relationship between the soluble protein content and photosynthetic rate has been observed. The ratio of the net photosynthetic rate to soluble protein content is 0.864 for Xuzhou 424, and 1.103 and 1.144 for Suxie No 1 and 1138-2, respectively.

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CSO: 4011/0044

YUNNAN RIBAO COMMEMORATES YANAN 'TALKS'

HK221531 Kunming YUNNAN RIBAO in Chinese 2 May 87 p 3

[Article by Zhao Tingguang (6392 1694 0342): "Uphold the Marxist Ideology on Literature and Art, Launch Education on the Literature and Art Front in Opposing bourgeois Liberalization--Commemorating of the 45th Anniversary of the Publication of Comrade Mao Zedong's 'Talks at the Yanan Forum on Literature and Art'"]

[Text] This year is the 45th anniversary of the publication of Comrade Mao Zedong's "Talks at the Yanan Forum on Literature and Art." At present, the entire party is studying the implementation of the party Central Committee's documents, thoroughly carrying out propaganda and education on the Four Cardinal Principles in the political ideological domain, resolutely opposing bourgeois liberalization, strengthening the building of socialist spiritual civilization, and further consolidating and promoting a political situation of stability and unity. Under a heartening situation where a "great climate" to oppose bourgeois liberalization is being formed, the proliferation of the ideological trend of bourgeois liberalization has been reversed, the entire direction of public opinion as well as the climate of social opinion is undergoing positive changes, and the struggle to oppose bourgeois liberalization is gradually developing in depth, the commemoration of the 45th anniversary of the publication of Comrade Mao Zedong's "Talks at the Yanan Forum on Literature and Art" is of paramount realistic and profound historical significance.

Today, the purpose of our commemorating Comrade Mao Zedong's "Talks at the Yanan Forum on Literature and Art" is as follows: to uphold the four Cardinal Principles, to resolutely, soundly and protractedly oppose bourgeois liberalization, to consolidate and promote a political situation of stability and unity, to ensure the correct implementation of the guidelines, principles, and policies formulated since the 3d Plenary Session of the 11th CPC Central Committee, to smoothly carry out reforms, opening up to the outside world, and invigorating the economy, and to construct socialism with Chinese characteristics. At the "Talks at the Yanan Forum on Literature and Art" held 45 years ago today, Comrade Mao Zedong integrated Marxist theories on literature and art with the concrete realities in China, and put forward such major issues as the stand, attitudes and subjects of literature and art works, pointing out the direction for literature and art workers. Under the guidance of the "Talks," the great masses of literature and artistic workers clearly

took on the stand of the proletariat and the people from the war of resistance against Japan on to the war of liberation, and wholeheartedly "served the thousands upon thousands of working people. "Brandishing pens in their hands, they fought alongside the people's army with their guns, and fully played the towering role of a cultural army. In the struggle to emancipate the Chinese people, the great masses of literature and art workers adopted various methods to expose the brutality and deception of Japanese imperialism and that of all reactionaries, and pointed out the trend toward their inevitable defeat. They encouraged the revolutionary soldiers and the people to fight with one heart and soul, praised the spirit of industry and struggle of the people and the people's army, and made enormous contributions in the overthrow of the rule of the "three big mountains" in China. Today, 45 years later, our motherland has undergone earthshaking transformations. Not only has the CPC led the people of all nationalities to achieve total victory in the new democratic revolution following an arduous and brilliant struggle, and establish a new China; it has also led them in the tortuous and difficult struggle to build a preliminary stage of socialism and advance steadily along the great path of socialist modernization. Under the leadership of the CPC and in the process of socialist construction over the last 30 years, the great masses of literature and art workers inherited and promoted the fine traditions of the revolution. In plunging into lie, they depicted the new socialist man, portrayed and praised the novel features of the pioneers in the building of the four modernizations--their revolutionary idealisms, scientific attitude, noble sentiments, creativity, broad outlook, and their spirit of seeking truth from facts. They exerted enormous efforts and poured out great energies in making these contributions. Our country is currently at a new stage in history. In this new historical period, is the spirit of Comrade Mao Zedong's "Talks at the Yanan Forum on Literature and Art" still relevant, is it not obsolete, is its "point of view antiquated"? This is an issue that requires serious discussion and unified understanding. Comrades who favor and uphold Marxism will not deny the historical position and practical significance of Comrade Mao Zedong's "Talks" nor its guiding role in the entire process of socialist modernization and construction. Only people who indulge in bourgeois liberalization and who are muddle headed will deny this point. In this talk, Comrade Mao Zedong stated: "Our stand is that of the proletariat land of the masses. For members of the Communist Party, this means keeping to the stand of the party, keeping to party spirit and party policy." Be it during the new democratic revolutionary period or the period of socialist revolution and construction, the great majority of comrades within the ranks of our literature and art workers did that. However, for a while, some comrades did not want nor care to talk of these things, pushing to the back of their minds such issues as the stand, attitude, and subjects of literature and art works. In the new historical period, our literature and art workers should continue to uphold and develop the ideology of Marxism and of Comrade Mao Zedong on literature and art, and strive to explore a new domain of literature and art to serve the construction of socialism with Chinese characteristics. Comrade Deng Xiaoping said: "We should continue to adhere to the direction pointed out by Comrade Mao Zedong of literature and art serving the broad masses and most of all, serving the workers, peasants, and soldiers. We should uphold the principle of letting a hundred flowers bloom, weeding through the old to

bring forth the new, letting foreign things serve China and old things serve the present." To serve the people and to serve socialism--this is a question related to the direction of literature and art, and is naturally also a question of stand. We should adopt the Marxist stand, viewpoint, and method to scientifically evaluate as well as criticize the erroneous viewpoint and theories of bourgeois liberalization. We should adopt the Marxist stand, viewpoint, and method to scientifically evaluate as well as criticize the erroneous viewpoint and theories of bourgeois liberalization. We should also make a clear distinction between right and wrong, enhance our level of consciousness to uphold the four cardinal principles as well as to implement the party guidelines, principles and policies formulated since the 3d Plenary Session of the 11th CPC Central Committee.

To uphold the four cardinal principles, to carry out the struggle to oppose bourgeois liberalization on the literature and art front, to consolidate and promote stability and unity, and to open up a Marxist ideological front in literature and art--these are the urgent tasks confronting the literature and art front. Some comrades believed that while literature and art circles were indeed somehow affected during the proliferation of the ideological trend of bourgeois liberalization, it was not a serious matter. This is an incorrect point of view. While we should not underestimate an issue, neither should we be too optimistic about it. In recent years, during the proliferation of the ideological trend of bourgeois liberalization, many of the questions brought up in the literature and art circles involved questions of fundamental political principles and directions. For instance, under the slogans of "renewal of concepts" and of "pluralization," some of the following questions surfaced: Repudiation of the leading position and guiding role of Marxism, reducing it to one of the "hundred schools of thought" and belittling it as a theory of an "obsolete point of view," "The usual old stuff," "Outdated," "Inflexible" and "vulgar sociology"; repudiation of the party's leadership over the literature and art cause by using typical slogans of bourgeois liberalization such as "creative freedom without any preconditions" and "creative freedom without restrictions" to replace the party's guideline of serving the people and socialism along with its "doubled hundred" principle; the resistance to the four cardinal principles, regarding them as a "big stick" adhering to them as "swinging the big stick" and the criticism of erroneous words and deeds violating the four cardinal principles as "hitting with a big stick"; sowing discord in the relationships among writers, people, and the party, claiming that "now is the time when politics of politicians, writers and the people fight it out," and pitting the people, the writers, and the party against one another; the repudiation of the revolutionary tradition in literature and art under the leadership of the Communist Party since the "4 May Movement," and advocacy of the wholesale use of modern bourgeois philosophy, sociology, and theories on literature and art to carry out fundamental "reform" in our country's literature and art science as well as to perform "blood transfusion" for our literature and art; repudiation of the social effects of literature and art works in the belief that "social effect that stresses social effect in itself is not good," "sex is an eternal subject in literature," "beauty is the satisfaction of sexuality," "it is easier to gain fame by writing about sex" and others. Therefore, it can be seen that in

recent years, the bourgeois liberal ideas in our society were brought about through mutual influences in philosophy, political science, sociology, and literature and art sciences. Some ideological trends gained influence in the literature and art circles, spread to other fields, and then produced a nationwide impact. Bourgeois liberalization was exhibited in many aspects but concentrated on one point, that is, the repudiation of the socialist system and advocacy of the capitalist system. The core lies in the repudiation of the party's leadership. Hence, the struggle to oppose bourgeois liberalization is related to the question of whether the guidelines, principles and policies formulated since the 3d Plenary Session of the 11th CPC Central Committee will be upheld. It is also related to the question of the fate of the party and the state as well as to the future of socialism. We should have sufficient understanding of this point. Insufficient understanding of the pernicious effects of proliferation of the ideological trend of bourgeois liberalization as well as the insufficient assessment of the serious consequences of ideological confusion in the literature and art circles do not conform with the guidelines of the Central Committee documents. They do not conform with the assessment made by the party Central Committee on the situation in literature and art circles, and naturally, also do not conform with reality.

As has been pointed out by Comrade Deng Xiaoping, the reason bourgeois liberalization was able to form into an ideological trend and proliferate is: "Trouble invariably arises in places where the leadership has an irresolute attitude and an unclear stand." The Central Committee documents also pointed out: "From the center to many localities, the political ideological front is described as weak and confusing, with not a few fronts including forums in institutes of higher learning unable to resist the inroads of the ideological trend of bourgeois liberalization, thus leading to its proliferation. A small number of party members took the lead in espousing bourgeois liberal ideas and created grave consequences." Historical experiences over the past few years fully proved the correctness of these theses by Comrade Deng Xiaoping and the CPC Central Committee. The problem lies not in some people engaging in bourgeois liberalization, but in what kind of attitude we adopt toward bourgeois liberalization. For a while, there were two diametrically opposed attitudes on the ideological trend of bourgeois liberalization: One was irresolute opposition, while another was permissiveness, or rather non-interference or tolerance. The movie screenplay "Unrequited Love" and its film version "The Sun and Man" distorted the historical development of real life in our society, repudiated socialism and the party's leadership, and propagated the "freedom" of the capitalist world. However, in criticizing "Unrequited Love" and "The Sun and Man," some of our comrades in the party supported the mistakes of the author of "Unrequited Love" and accord him "warm and profound affection." By doing so, how can one talk of resolutely opposing bourgeois liberalization? How can bourgeois liberalization not proliferate? During the proliferation of the ideological trend of bourgeois liberalization in 1983, some people in literature and art circles, running counter to the demands of the times and of the people, used their unhealthy ideology, works, and performances to pollute the people's soul. Under these circumstances, Comrade Deng Xiaoping clearly proposed: "The ideological front should not

engage in spiritual pollution." He also pointed out: "The essence of spiritual pollution is the spread of various corrupt and decadent ideologies of the bourgeoisie and of the exploiting class, the spread of a mood of distrust of socialism, of the communist cause, and of the Communist Party's leadership." Comrade Deng Xiaoping's directives have profound significance on the building of our party, on strengthening and improving party leadership, on the building of socialist material and spiritual civilizations, on our reforms, opening up to the outside world, and on the construction of socialism with Chinese characteristics. In accordance with the spirit of the instructions of Comrade Deng Xiaoping and the CPC Central Committee, our province, along with the rest of the country, also launched a struggle to eliminate spiritual pollution. Coordinating with one another, the propaganda department and concerned departments achieved enormous results within a short period of time. Up to mid-December 1983, the entire province was mobilized to confiscate 3,900 pornographic books and pictures, 370 pornographic videotape tapes, and 33,230 pornographic cassette tapes. The province carried out readjustments and strengthened management in the cultural markets, as well as readjusting unhealthy literature and art journals. Our province has accomplished results in eliminating spiritual pollution and the work is developing soundly. It has won the backing and resolute support of the great mass of cadres and people. Whatever inadequacies were discovered were also corrected immediately. What was incomprehensible was that just as the work to eliminate spiritual pollution was developing soundly, this struggle, that was beneficial to stability and unity, to reforms, and to opening up to the outside world was aborted while still in progress, and was repudiated. In spite of this, the concept of adherence to the four cardinal principles was already deeply rooted in the hearts of the people, and could not be lightly dismissed. Nor could the people's understanding of the correctness of eliminating spiritual pollution be changed. In December 1985 the propaganda department of the provincial committee held a forum in Geyang on construction of civilized cities. The meeting mapped out the propaganda work for 1986 on the basis of fully affirming the accomplishments made so far and pointing out the problems of some departments in the ideological front which had been affected by the ideological trend of bourgeois liberalization and which had created some incorrect political directions. In 1986 work outline clearly stipulated: "It is necessary to vigorously uphold the four cardinal principles and dare to struggle against all erroneous 'leftist' and rightist trends violating the party line." In actual work, while we have made great efforts and carried out numerous struggles, owing to the influence of that certain "great climate," the obstruction was considerable. Later, under the assault of the proliferating ideological trend of bourgeois liberalization, the struggles were not well implemented. Summing up, the principal trend in literature and art circles is good or comparatively good, and the number of people engaging in bourgeois liberalization is extremely small. The problem is that there was a lack of a resolute attitude and clear-cut stand toward the erroneous words and deeds of this extremely small number of people, and thus forceful and scientific criticism and struggle were not carried out.

Under the premise of adherence to the four cardinal principles, it is necessary to allow free discussion and debate in academic circles, to promote

free developing of varying forms and styles in artistic creation, and to encourage free discussion of varying viewpoints and schools of thoughts in theories on art. Surrounding the common objective of realizing socialism's four modernizations, the path of literature and art should become broader. Under the guidance of the correct ideology in creation, literature and art subjects as well as the manner of their presentations should grow increasingly colorful and varied, and there should be courage to create new things.

Literature and art is a complicated labor of the spirit, and it requires that writers and artists exploit their individual creative spirit. What to write and how to write it--this can only be explored and gradually resolved by writers and artists in the practice of their art. It is imperative not to intervene in this regard. The so-called "creative freedom without any preconditions" put forth by people engaged in bourgeois liberalization and the creative freedom we talk of under the premise of the four cardinal principles are different in principle. As Comrade Hu Qiaomu has said, the special feature of bourgeois liberalization is precisely to vigorously propagate, espouse, and pursue bourgeois freedom, and to seek to introduce or integrate into our country's political, economic, social and cultural life the following: the bourgeoisie's parliamentary system, two party system, electoral system; its freedom of speech, publication, gathering and organization; its mentality and practice of money worship and profit before everything; its life style and vulgar interests; its bourgeois moral and artistic standards; and its adoration of the capitalist system and capitalist world. At the same time, it seeks in principle to repudiate, oppose, and undermine China's socialist cause, as well as the CPC's leadership over China's socialist cause.

Bourgeois liberalization has thrown out a challenge to Marxist theory and forced Marxists to make the necessary scientific response. This is the serious task confronting us. In the face of such serious tasks, we should join hands and take up the pen to meet this challenge. The struggle to oppose bourgeois liberalization is a protracted affair, and it is necessary to persist and to ensure that it be sound. If the stand is unclear and the attitude irresolute, and the struggle is carried out halfheartedly or given up halfway, then bourgeois liberalization will proliferate and there will be no stability and unity to speak of, while reforms and opening up to the outside world will become empty talk. On the other hand, if we try to turn all this into a movement, magnify everything, and try too check rightist tendencies by "leftist" means, we cannot go very far.

In order to resolutely, soundly and protractedly carry out this struggle, it is necessary to study the party Central Committee's documents, unify thoughts and understanding, and to administer affairs according to the said documents. The Central Committee documents have made full exposition on how to conduct this struggle soundly, and stipulated the extent, focus, policies and methods to oppose bourgeois liberalization to ensure the healthy progress of the struggle against liberalization as well as guarantee that the "left" will not be used to oppose the right. It is necessary that we soundly carry out the struggle to oppose liberalization to safeguard a political situation of stability and unity, create a stable political situation and social

environment, and ensure the correct advance of reforms and opening up to the outside world. The yardstick to determine whether the drive against bourgeois liberalization is proceeding soundly or not is: It is necessary to see whether it can advance the overall implementation of the guidelines, principles, and policies formulated since the 3d Plenary Session of the 11th CPC Central Committee which have as their basic point the adherence to the four cardinal principles and of reforms and opening up to the outside world. In order to arrive at an overall and accurate comprehension of the Central Committee documents, but is necessary not only to pay attention to understanding the contents of documents concerning policy distinctions, it is also imperative to understand the contents of documents concerned with avoiding halfhearted or incomplete work. To go by policies does not mean to pull back nor does it tie up one's hands and feet. It is aimed precisely at the protracted and sound conduct of the struggle to oppose bourgeois liberalization as well as at the implementation of the entire process of reforms, opening up to the outside world and of the four modernizations. This requires resolution. Naturally, resolution alone is not enough. If the struggle is conducted rashly and turns "leftist" or is expanded to the extent of obstructing reforms and opening up to the outside world, it will not endure. We have previously mentioned the question of stand. The purpose is to demonstrate that Comrade Mao Zedong's "Talks at the Yanan Forum on Literature and Art" is not "obsolete," and that it should be upheld and implemented. The purpose is not for people to dispute the "question of stand" in the struggle against bourgeois liberalization, not to have political labels flying all around and being tagged on just about anyone. We have suffered enough of this method, and history should not, and will not be repeated. The Central Committee documents clearly stated: "It is necessary to adopt the correct method in opposing bourgeois liberalization and not engage in political movements. It is necessary to adopt a 'mild and calm' method to persuade people, and absolutely avoid the previous wrong 'leftist' manner of using personality to draw distinctions, implication of superiors and subordinates, investigations at all levels, with everyone having to go through tests and calling on all to make exposures and denunciations." This struggle is strictly limited within the party, and is principally conducted within the political and ideological domains. It stresses resolution of questions on the fundamental political principles and directions, which is primarily to oppose the erroneous ideological trend which seeks to get rid of Communist Party leadership and repudiate the socialist path. Generally speaking, this is educating the great mass of party members on resolutely adhering to the four cardinal principles and on comprehensively and correctly understanding as well as implementing the guidelines, principles, and policies formulated since the 3d Plenary Session of the 11th CPC Central Committee. It is imperative to always adhere to the guideline of education as the primary objective and of uniting the greater majority of people. It appears that the policy distinction in this respect has been noted. At present, particular attention should be paid to the problem of how to further resolve the matter of halfhearted or incomplete endeavors.

Our literature and art contingent is an excellent and promising one, with a batch of writers and artists of comparatively high quality who have made

contributions to the people, and to socialist modernization and construction, and a group of newly emerging forces trained after the 3d Plenary Session of the 11th CPC Central Committee some of whom have already made accomplishments. Yunnan not only possesses extremely rich natural resources favorable for the building of socialist material civilization, it also enjoys, among its numerous nationalities, abundant sociocultural resources beneficial to the building of socialist spiritual civilization. In the struggle to oppose bourgeois liberalization, we should enhance the Marxist theoretical level, overcome the state of weakness and confusion, correctly handle the various social conflicts, unite together and join hands in unearthing national cultural treasures. We should critically absorb foreign cultures beneficial to us, portray the model of the pioneer and defender of the four modernizations, demonstrate the novel features of their revolutionary ideals, scientific attitude, noble sentiments, creative broad outlook and spirit of seeking truth from facts. Through vivid and touching artistic images, we should truthfully reflect life in society, as well as the true character of people in different social relationships. We should demonstrate the demands of the progressing times and the trend of historical development, strive to educate the people with socialist ideas and inculcate in them the spirit to make positive progress and to work hard for the country's prosperity. Let the great mass of literature and art workers in our province unite together, struggle for prosperous socialist literature and art, and contribute to the building of socialist material and spiritual civilization.

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WANG ZHEN SPEECH ON YANAN FORUM

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[Speech by Wang Zhen at the 10 May academic symposium marking the 45th anniversary of the publication of the "Talks at the Yanan Forum on Literature and Art"--place not given]

[Text] Beijing, 22 May (XINHUA)--Title: Enthusiastically Attend to the People's Cause

[By] Wang Zhen

Today I am very happy to be invited to attend this academic symposium in commemoration of the 45th anniversary of the publication of Comrade Mao Zedong's "Talks at the Yanan Forum on Literature and Art" and, together with veteran comrades who participated in that forum as well as many young and middle-aged comrades, to recall Comrade Mao Zedong's outstanding contributions to Marxist literary and artistic theory and to study and discuss important plans for the prosperity of China's socialist literary and art cause.

In his "Talks at the Yanan Forum on Literature and Art," Comrade Mao Zedong pointed out that in our struggle for the liberation of the Chinese people there are the fronts of the pen and of the gun. Since I began to take part in the revolution, I had devoted a long time to the struggle on the military front, busy with military affairs and seldom in touch with comrades working on the cultural front. For a certain historical reason, however, I established a close relationship with the cultural front during the ensuing period. The lucky chance that led to this relationship had something to do with Comrade Mao Zedong's Talks at the Yanan Forum on Literature and Art.

The Yanan Forum on Literature and Art, convened by Comrade Mao Zedong himself, was held in May 1942. After Comrade Mao Zedong gave the talks, a rectification movement began in Yanan's literary and art circles. At that time I was leading my troops in defending Yanan while doing land reclamation work, and I, myself, was the Yanan garrison commander. Comrade Mao Zedong wanted me, then the garrison commander, to fill the post of head of the study group for the rectification movement in the literary and art circles, perhaps in consideration of the need to link up the comrades from the fronts of the pen and the gun. Having learned of Comrade Mao Zedong's decision, I told him many times that I could not shoulder such a task. He only said smilingly:

What I want is to have you take up the job. I want you, as man without much education, to deal with well-educated people. Under such circumstances, I had no choice but to obey the party's decision. The new job compelled me to study new things. From then on, I had extensive contacts with people of the literary and art circles in Yanan, and we began to understand each other. I had a profound feeling toward the revolutionary literary and art workers. Meanwhile, I made friends with many people of the literary and art circles and learned a great deal of knowledge from them. I personally felt the mighty effects that the "Talks" produced on Yanan's literary and art circles and on the intellectuals as a whole. I had a deep respect for those literary and art workers who were advancing in the direction charted by the "Talks."

To prepare myself for today's meeting, I have restudied in an serious manner Comrade Mao Zedong's "Talks at the Yanan Forum on Literature and Art" from beginning to end. Some affairs in Yanan's literary and art circles in those days clearly reappeared in my mind, and in view of the situation of the literary and art circles in the recent past, I have formed some opinions. Let me take this opportunity to say something about my own feelings and understanding of the "Talks" for your reference.

Comrade Mao Zedong's "Talks at the Yanan Forum on Literature and Art" is an important Marxist document, a special classical work of Mao Zedong Thought with regard to the question of literature and art. This was not only generally acknowledged by the people at that time but has, in particular, been proven over and over again by practice during the past 45 years.

Over the past several decades, the "Talks" have left a most profound impression on us. That impression is to be successful in literary and art work, first of all one must take a correct stand as well as a correct attitude toward the people's cause. This correct stand and attitude has always played a decisive role in determining the success or failure of a work of literature or art and the rise or decline of our literary and artistic undertakings. The reasons some works of literature and art of recent years such as "Wreaths at the Foot of the Mountain," "Victory at Midnight," and others have touched the hearts of hundreds of millions of people and are widely liked and praised by the workers, peasants, fighters, and intellectuals is because their writers, directors, and actors and actresses have all taken a correct stand and attitude. Full of revolutionary enthusiasm, they have depicted the noble spirit and heroic deeds of ordinary fighters in displaying their loyalty to the motherland and the people under extremely harsh and unbearable conditions on the frontlines in southern China. This has given people confidence and strength. We may safely say that a correct stand and attitude toward the people's cause is a prerequisite for making our literary and artistic undertakings a success.

The contents of the "Talks" are very rich. But the central topic of discussion is, to quote Comrade Mao Zedong, basically a question of working for the masses and how to work for the masses. In the Chinese revolution and in China's revolutionary literary and art movement, Comrade Mao Zedong was the first to give a correct and complete answer to this question with a Marxist

stand, viewpoint, and method. Concerning this question, he pointed out that the life of the people is always a mine of raw material for literature and art. It is the only source for literature and art. For the sake of the people's literature and art, he urged the writers to immerse themselves among the masses, plunge themselves in actual struggles, and establish a proletarian stand. He called on them to critically inherit and make use of all outstanding literary and art experiences of ancient times and foreign countries but not to replace literary and artistic creativity with inheriting and making use of the experiences of ancient times and foreign countries. Literature and art must serve to awaken the people and fill them with enthusiasm to propel history forward. This series of brilliant thoughts from Comrade Mao Zedong have immensely enriched the treasure house of Marxist literary and artistic theory.

The "Talks" ushered in a new era for the revolutionary literary and artistic movement initiated during the May 4th Movement. It is by no means an exaggeration to say that those outstanding writers who have grown up since the movement have been more or less educated and influenced by the "Talks."

The "Talks" were published during the war of resistance against Japan. At that time, the Chinese people, under the leadership of the CPC, were fighting a bloody war against Japanese imperialists and carrying out a resolute struggle against the traitors, collaborators, capitulationists, and appeasers. Forty-five years have passed since then. China's current conditions are vastly different from those during the war of resistance against Japan. Currently, the people of various nationalities in China are engaged in building socialism with special Chinese characteristics. Moreover, based on the concept of "one country, two systems" proposed by Comrade Deng Xiaoping, Hong Kong and Macao will return to the embrace of the motherland by the end of this century, and the reunification of Taiwan and the motherland will also be realized. Under these historical conditions, are the basic principles of the "Talks" still applicable to today's literary and art workers? I think that although over the past 45 years, particularly since the 3d Plenary Session of the 11th CPC Central Committee, our party's literary and art theory and policy have undergone continuous enrichment and development, they have never deviated from the basis of the "Talks." The "Talks'" basic principles and spirit will undoubtedly play a guiding role in our literary and art work both now and in the future.

With regard to the course traversed by our party in enriching and developing the basic principle contained in the "Talks," I wish to particularly point out Comrade Deng Xiaoping's greetings message delivered at the Fourth National Congress of Writers and Artists in 1979. This is also an important Marxist document and a special classical work on Mao Zedong Thought with regard to the question of literature and art. While commemorating the 45th anniversary of the publication of the "Talks," I suggest that our comrades learn and study both works, review the history of our literary and art work, sum up experience, and achieve a unified understanding.

The people of our country are carrying out a lofty unprecedented undertaking. In the course of construction, reform, opening to the outside world, and invigorating the domestic economy, every factory, village, schools, and army company creates new things and has heartening deeds every day, and on every piece of land there are the footprints marking the growth of new persons. Through practice, the people are transforming nature and society and, at the same time, increasing their understanding and widening and elevating their spiritual world. From Comrade Mao Zedong's "Talks" to Comrade Deng Xiaoping's greetings message, a fundamental point of our party's policy on literature and art is to make the link between literary and art workers and the people closer and closer and, through the people's great practice in making history, to constantly deepen and improve their achievements in acquiring knowledge and making discoveries and creations in the field of art so that literary and art works will reflect our great times in an increasingly satisfactory manner. Whoever stands with the people and tries to discover and portray their heroic spirit and lofty moral character will have the enthusiasm to create literary and art works and will reap abundant fruit in doing so. Whoever does this will thus satisfy the people's requirements and will, accordingly, be respected by the people.

In building socialism with Chinese characteristics, we should unswervingly implement the policy of opening to the outside world. Simultaneously with the acquisition of advanced technology, capital, and scientific management experience from abroad, we should assimilate all those aspects of foreign culture that are beneficial to the Chinese people. There is not the slightest doubt about this. In doing this, however, we should be no means adopt a national nihilist attitude. The Chinese nation has a long history and a revolutionary tradition and, in the long historical development, has accumulated a rich and precious cultural heritage. We should inherit, in a critical manner, our ancient fine culture in order to achieve the prosperity of the socialist literary and art cause of our country. It is my earnest hope that literary and art workers will use methods liked by the masses to apprise the people of our country of the fine Chinese national culture and make them aware of the numerous praiseworthy and moving individuals and deeds opposed to oppression and aggression in the past. The purpose is to enhance the Chinese people's feeling of national pride and patriotic enthusiasm. If our literary and art workers do a good job of this, the people will be grateful to them.

Both the party and the people place very high hopes in our literary and art workers. Since the 11th CPC Central Committee held its 3d Plenary Session, it has eliminated chaos, restored order, wiped out the "leftist" influence, and adjusted and constantly improved its literary and art policy. It has also strengthened and improved its leadership over literary and art work and adopted a series of effective measures to achieve a thriving state in the creation of literature and art and to solve existing realistic problems. Like the work on other fronts, literary and art work has scored striking achievements. These achievements are the results of upholding the four cardinal principles and implementing the party's literary and art policy. Here I wish to particularly thank those comrade writers who have long integrated themselves with the people in daily life, who have wholeheartedly

devoted themselves to writing to portray our people and our times, and who are courageous in blazing new trails. I also wish to thank those comrade performers, artists, musicians, and photographers who have contributed to elevating the people's spiritual state and enriching their spiritual life as well as those comrades who are literary and art theorists striving to probe the law of socialist literature and art under the guidance of Marxism.

In the process of readjusting its literary and art policy, the party has repeatedly reminded the comrades in literary and art circles to uphold the four cardinal principles; to combat decadent ideas and styles of the bourgeoisie and all exploiting classes; to pay attention to the social effects of literary and artistic creation, theory, and performances; and to ensure that literature and art truly become an important part of the socialist spiritual civilization. However, some comrades have failed to closely heed the party's warning. Thus, the ideological trend of bourgeois liberalization and its influences did show up for a certain period of time among the literary and art circles. The occurrence of all sorts of negative phenomena, the flooding of some erroneous viewpoints, and the spreading of corrupt styles were not effectively checked by resistance and criticism. Fortunately, the CPC Central Committee Political Bureau Standing Committee, with Comrade Deng Xiaoping as its nucleus, promptly discovered the problem and took decisive measures to prevent more serious consequences from taking place. We must firmly bear in mind this lesson, and, for the purpose of safeguarding the peoples interests and the interests of socialist modernization, persevere in the long struggle to oppose bourgeois liberalization in accordance with the directives of the party Central Committee.

Currently, the struggle to oppose bourgeois liberalization is being resolutely and effectively carried out. The party Central Committee has repeatedly explained the nature, scope, and policy demarcation line concerning this struggle. By means of the struggle to oppose bourgeois liberalization, we will resolutely implement the party Central Committee's policy on literature and art, including the policy advocating serving socialism and the people and the policy of letting a hundred flowers bloom and a hundred schools of thought contend. We will, under the guidance of the four cardinal principles, implement the policy of freedom of creating following a socialist orientation. We will implement the policy of opening to the outside world in the cultural field and in reform. We will, for the purpose of promoting unity, work out a new policy for unity by means of criticism and self-criticism. If these policies are correctly understood and thoroughly implemented, then literary and artistic works that have special Chinese characteristics; that have drawn lessons from the Chinese people's historical creative activities; that the Chinese people love to see and hear; and that are firmly rooted in solid ground will surely see a bright and prosperous future.

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LIAOWANG: LOTTERY TO RAISE WELFARE FUNDS

HK080120 Beijing LIAOWANG in Chinese No 21, 25 May 87 pp 19-20

[Article by Zhang Chunling (1728 2504 0080): "Open New Channels To Raise Social Welfare Funds--an Interview with Cui Naifu, Minister of Civil Affairs"]

[Text] With the approval of the State Council, a lottery will be instituted in China as a means to raise social welfare funds. This will be the first time for the Chinese Government to officially endorse a "lottery" since the founding of new China over 30 years ago. A few days ago, this reporter interviewed Minister of Civil Affairs Cui Naifu on this policy.

How We View Holding a Lottery

In the minister's office, which is simply furnished, this reporter raised the following straightforward question:

In China, "lottery" is generally regarded as a capitalist product. Even today a "lucky draw as a means to promote sales" or the practice of raising funds among enterprises are banned by formal decree. Then why does the government now lift the ban on a "lottery"?

Minister Cui smiled when hearing this question. He said: To be honest, at the very beginning we did have doubts about the function of a lottery as a means of fund raising. The word "lottery" was bad in the past. But our view on a lottery began to change after having studied in recent years foreign experience in social welfare.

Cui Naifu then recalled the history of the lottery. He said: The history of "lottery" dates from the times of the ancient Roman Empire. It was first sold among members of the royal families [not further identified] and merchants and later introduced into other European countries. There were many kinds of lotteries, some run by governments and the others issued by private organizations. The lottery was gradually brought under government control in the 18th century. It was in this latter period that the governments of the Netherlands, Denmark, Spain, Mexico, Portugal, and Austria enacted decrees to bring the "lottery" under their direct control and make it a source of government revenue. Nowadays, many countries issue "lottery" tickets in large amounts; "lottery" has become an undertaking under government control to raise funds for social service and welfare, and the selling of lotteries and other

related activities have become part of the people's daily life. In China, back in the last years of the Qing Dynasty, the government held "lotteries" to raise relief funds for the provinces of Jiangsu, Anhui, and Hubei. During the years of the Republic of China, the KMT government also held "lotteries," the most well-known of which were the "Huang He lottery," the "Aviation lottery," and so on. Of course, there were also many cases in which corrupt officials and capitalists squeezed money out of the public by holding "lotteries."

Thus, can a socialist country hold "lottery"? Last year, I requested the responsible person of the association of the blind, deaf, and dumb persons to make a survey of lotteries during his visit to the Soviet Union, Democratic Germany and Poland. I learned from him that the Soviet Union and all the Eastern European countries do hold "lotteries." In the Soviet Union, "lotteries" even date back to 1926.

Therefore, lottery in itself is merely a way to raise funds which is not necessarily related to capitalism. It can serve capitalism and socialism as well. The crux of the problem does not lie in the lottery itself but in who controls and holds the lottery, what the purpose of the lottery is, and how the funds raised out of a lottery will be spent. A survey of lotteries shows that some 100 countries and areas in the world which are raising funds through various channels have used "lotteries" as an important source of social welfare funds. Then why can we not do it the same way?

#### China Will Also Introduce the "Lottery"

Minister Cui Naifu then changed the subject to his meeting with Premier Zhao last summer to brief him on the ministry's work. During the meeting they took up many social problems that had emerged in the wake of the economic reform and the development of the commodity economy. Among these problems are the problems concerning the disabled, the aged, orphanage, and the poor. A proper solution to all these problems will speed up economic development and social progress, while improper handling of them may jeopardize social stability and unity. Cui Naifu then presented his view to Premier Zhao. He held that China has been too conservative in raising social welfare funds by tapping only the resources of the state and the collective. As the potential of the public and society have not been brought into play, the state and enterprises have to bear an excessively heavy burden and some social problems that badly need to be solved remained unsolved. What is more, in the wake of the further development of the economic reform, competition to earn a living has become much sharper than before. In consequence, many aged people and disabled persons who used to depend on their families for subsistence have to ask for aid from society. Their needs cannot be met if we cannot get funds from sources other than the state budget. Therefore, he suggested a moderate reform of China's system for running social welfare. The potential of the masses could be tapped and a lottery could be used to raise funds from the public. And funds raised through this channel could be used to promote social welfare for the disabled, orphanages, old widows and widowers, and the poor. This is definitely feasible under the present circumstances in China.

Having heard Cui's suggestion, Premier Zhao thought it was quite a good means to ease the shortage of social welfare funds. So he instructed Cui Naifu to make an investigation and study and then submit a report to the State Council.

Picking up some documents from his desk, Minister Cui Naifu told this reporter: The Ministry of Civil Affairs officially submitted to the State Council a report on instituting a social welfare lottery on 18 August. The report pointed out: Great achievements have been made in social welfare in China since the founding of the PRC. We have provided for a large number of orphans, aged people, and disabled persons and have arranged jobs for many blind, deaf, and dumb people who still have the ability to work. However, our social welfare services still cannot keep up with social development although the state has already made great efforts. Last year a portion of the state budget amounting to 3 billion yuan was reserved as civil affairs expenses, almost all of which was spent to pay off per-capita spending [ren tou fei 0086 7333 6316] and disaster relief, with merely 1 percent appropriated as social welfare funds. But, in the meantime, the income of both urban and rural residents in China has increased considerably in the past few years. In the first half of 1986 alone, the country's total volume of urban and rural savings reached 250 billion yuan. Moreover, the amount of idle social funds is quite considerable. Such being the case, the holding of a social welfare lottery with a volume up to 1 billion yuan is practicable. With the masses' ability to pay taken into account, the face value of each lottery ticket should not be set too high--in general one yuan a ticket is acceptable. A preliminary calculation shows that the lottery can raise some 500 million yuan a year after prizes as well as after the expenses for printing, distribution, and advertising are deducted. With a view to bringing the initiative of localities into play, the income derived from the lottery will mostly be kept and used by the different lottery distributing areas to run social welfare services, and the remaining portion will be spent to run some nationwide key or showcase social welfare or rehabilitation projects, or to subsidize social welfare services in provinces or cities concerned. In its report the Ministry of Civil Affairs also suggested that a China Social Welfare Lottery Committee be set up to act as the sole corporate distributor of lottery tickets.

Minister Cui Naifu said: This report submitted by the Ministry of Civil Affairs was discussed during a routine meeting of the State Council on 20 December. The meeting endorsed in principle the plan of introducing a lottery and made the following suggestions:

--It is a program of great significance to raise funds through the holding of a social welfare lottery in the interests of disabled persons, orphans, and widows and widowers of advanced age. Beneficiaries of the aid should also include mental patients.

--We must be aware that lotteries can give rise to some negative effects. To put it more precisely, it may easily encourage people's speculative mentality. Therefore, the distribution of lottery tickets must be kept under strict control and, for the moment, the lottery must be confined to social welfare purposes.

--A "Social Welfare Lottery Committee" will be set up by the Ministry of Civil Affairs to take charge of holding the lottery. Some noted personages can be invited to join the committee.

#### Regulations and Procedures To Guided Holding a Lottery

"How will the lottery program be initiated?" this reporter asked. Cui Naifu said: We have already worked out a draft of the "China Social Welfare Lottery Committee Regulations" and a draft of the "Interim procedures governing holding a social welfare lottery."

The he picked up copies of these drafts and gave this reporter one each. The regulations stipulate that the committee is a mass organization set up with a view to promoting the development of social welfare services in China and to raising social welfare funds. The purpose of the committee is to unite people of all circles who are enthusiastic in promoting social welfare to carry forward the spirit of socialist humanism [ren dao zhu yi 0086 6670 0031 5030]; to encourage the fine tradition of mutual aid; to raise social welfare funds; to take care of widowers, widows, orphans, and the childless, as well as the blind, deaf, dumb, and disabled persons, and mental patients who have difficulties in earning a living; and to run social welfare and rehabilitation services in the interests of the disabled, the aged, and the orphanage. The tasks of the committee are to act as a central body in organizing, planning, and taking part in holding the lottery, to distribute and control the social welfare funds that have been raised, to run key and showcase social welfare and rehabilitation projects, and to maintain friendly contract with overseas Chinese, Hong Kong and Macao compatriots, international social welfare organizations and circles (but the lottery tickets are not to be distributed abroad). The regulations also contain some concrete provisions on the organization and the operational expenses of the committee, according to which the income and expenses of the committee and the spending of the committee's funds are subject to supervision by the auditing department at the same level and the information concerned must be published to the public on a regular basis. The "Interim Procedures Governing Holding a Social Welfare Lottery" stipulate that social welfare lottery tickets will not be sold to government organs, social organizations, the army, schools, enterprises, and service units, and all these organizations are not allowed to buy lottery tickets with public funds. Lottery tickets are bought on a voluntary basis, no lottery purchase quota should be assigned by any unit at a higher level to a unit at a lower level, and nobody should be compelled to buy lottery tickets in any way. Every 1 million lottery tickets (with a face value of 1 yuan each) will be counted as a lottery unit so that in general every medium-sized city or relatively large county will represent a lottery unit.

As for the amount of prizes, Cui Naifu said: The actual amount of prizes has yet to be determined through further discussions. The lottery will have no appeal if the amount of prizes is set too low; but it may cause some side effects if the amount is set too high. He said: Tentatively, prizes of several classes will be awarded, the first prize will be 10,000 or 20,000

yuan, and the percentage of lottery tickets carrying off prizes should not be lower than 1 percent.

The interim procedures also provide that lottery tickets are neither refundable nor negotiable, and no case of reporting loss of lottery tickets will be entertained. The distribution of lottery tickets is governed by law. Any fraudulent practice, forgery, and alteration of lottery numbers are liable to punishment by law.

Cui Naifu especially pointed out: all social welfare facilities built with the revenue derived from lottery will be exempted from the construction tax and the energy and communications tax; all prizes are exempted from the income tax; and the lottery revenue deposited in banks will bear interest. All these provisions show that the state is adopting a supportive and protective policy toward a social welfare lottery. And the lottery will also enjoy preferential treatment in terms of financial arrangements, taxation, and bank services.

#### The Prospects of a Social Welfare Lottery

To conclude the interview, this reporter requested Minister Cui Naifu to predict the prospects for the social welfare lottery to be launched very soon. Cui Naifu said: To us this is a new attempt and to our country this is an important experiment in ways of raising social welfare funds. The introduction of a lottery is bound to arouse varying reactions at home and abroad. It will take time for people to see and understand the functions of a lottery. As we are inexperienced in holding lotteries, we certainly must take up the matter in an active but proper and safe manner. We will first start distributing lottery tickets on a trial basis in Central South and East China to acquire some experience and to work out a set of detailed procedures for the administration of a lottery before considering an expansion of the scale of lottery distribution. The Seventh 5-Year Plan ratified by the NPC has made it clear that it is necessary to "raise social security funds through various channels, the old situation in which the state undertakes the whole thing must be changed." We hold that the introduction of a social welfare lottery is in keeping with this guideline. And we believe that this program will surely help to encourage the masses of all strata of the whole society to further promote the lofty spirit of respecting the aged and taking good care of the young as well as the moral principle of mutual aid and fraternal unity. It is every citizen's obligation to show concern for and give a hand to those who are leading a most difficult life in our society. This is also a concrete expression of socialist spiritual civilization. Therefore, it is bound to win extensive sympathy and support among the public. This is a new business, business of vast vistas. As soon as this new channel to pool social welfare funds from the public is opened, the financial burden on the state will certainly be lightened, which will effectively speed up the sustained and steady development of social welfare in China.

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CSO: 4005/891

NEWSPAPER FINED FOR FILING FALSE NEWS

HK160321 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 0950 GMT 14 Jul 87

[Report: "ZHONGGUO CHENXIANG XINXI BAO Was Fined 100,000 Yuan for Filing False News"--ZHONGGUO TONGXUN SHE headline]

[Text] Hong Kong, 14 Jun (ZHONGGUO TONGXUN SHE)--A report from Zhengzhou said that the Henan-based newspaper ZHONGGUO CHENXIANG XINXI BAO was recently fined more than 100,000 Yuan for filing false news.

In January the year before last, ZHONGGUO CHENXIANG XINXI BAO signed a contract with Yuan Hongjun, a peasant in Lingbao County. The contract provided that a CHENXIANG XINXI BAO (later renamed as ZHONGGUO CHENXIANG XINXI BAO) Information Development Service Western Henan Center was to be established to extend information service, and Yuan was authorized to run the center. However, Yuan made use of his status to engage in speculation, swindling, and other illegal activities. On 31 July of the same year, Yuan filed a news item through CHENXIANG XINXI BAO giving false market information. The news item read: "The Western Henan Information Department Service Center operated by this newspaper, serving as a steel product marketing agent, can supply 400 tons of steel products a month. The price is to be negotiated. On authorization, the service center can ship goods for customers." On the basis of this report, Minggang Building Material Plant of Xinyang County signed a contract with Yuan Hongjun to purchase 100 tons of steel products and paid the man a deposit of 90,000 yuan.

However, the "Information Development Service Western Henan Center" did not deliver the goods nor return the deposit. In consequence, this small plant was forced to stop operation and its staff members were put in dire straits.

Having learned that the matter had gone wrong, ZHONGGUO CHENXIANG XINXI BAO issued on 9 April last year a "circular on closure of all the information centers of CHENXIANG XINXI BAO" and sent a copy to the Lingbao County industrial and commercial administrative bureau which later revoked Yuan's business licence. The Minggang Town Building Material Plant, which failed to have its deposit refunded, was finally forced to institute legal proceedings against ZHONGGUO CHENXIANG XINXI BAO, demanding that the latter assume the economic responsibility in this case.

After investigation, the Xingyang County court of Henan Province ordered the newspaper to refund the 90,000 yuan deposit to the plaintiff and pay the accrued interest arising from the deposit plus a fine, altogether more than 100,000 yuan. The responsible person of the newspaper, who refused to accept the ruling, lodged an appeal. At the final trial held recently at the intermediate people's court of Xinyang Prefecture, the appeal was rejected and the original ruling was retained.

The Xinyang County court has now frozen ZHONGGUO CHENXIANG BAO's deposits in the bank to ensure that the Minggang Town Building Material Plant will be compensated.

ZHONGGUO CHENXIANG XINXI BAO is a weekly founded by the Henan branch of the Agricultural Bank of China in July 1984. This weekly, published every Tuesday, claims that its purpose is to gather and transmit all kinds of important economic information and to provide social service.

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CSO: 4005/891

## GUANGDONG REGULATION BANS PROSTITUTION

HK230150 Guangzhou NANFANG RIBAO in Chinese 20 Jun 87 p 1

[Report: "In a Regulation Promulgated Today, the Guangdong Provincial People's Congress Standing Committee Strictly Bans Prostitution"]

[Text] The "Provincial People's Government Regulation Banning Prostitution," a law stricter than the one of 6 years ago, has been adopted by the 27th Session of the 6th Provincial People's Congress Standing Committee yesterday and promulgated today for implementation.

The regulation points out that those luring, allowing, and forcing women to engage in prostitution will be held responsible for a crime according to law. Those consorting with girls under the age of 14 will be punished for rape. The ringleaders who organize prostitution and promiscuity will be sternly punished according to law. Those who act as pimps or provide the conditions for prostitution will be sentenced to reform through labor or held in custody for a maximum of 15 days. In addition, they will be fined a maximum of 5,000 yuan. If what they have done constitutes an offense, they will be held responsible for the crime.

According to the regulation, the prostitutes and their visitors will be held in custody for a maximum of 15 days and will be ordered to write a statement of repentance. In addition, they will be fined 5,000 yuan or sentenced to reform through labor. All the prostitutes and their visitors will have to undergo a medical check. Those infected with sexual diseases will be sentenced to reform or reform through labor. They will also be forced to receive medical treatment. The infected persons or their relatives will pay the medical charges. Regarding foreigners infected with sexual diseases and those coming to China to practice prostitution and visit prostitutes, they will be punished according to the regulation. Moreover, they will be ordered to leave the country at once and will not be allowed to enter again for a specified period.

The regulation also stipulates: Guesthouses, hotels, and clubs that shield and accommodate prostitution will receive a warning, be fined a maximum of 5,000 yuan, and ordered to stop operation and undergo reorganization. Their licenses may even be revoked.

See today's NANFANG RIBAO page 2 for the full text of the regulation banning prostitution.

The 27th Session of the 6th Provincial People's Congress Standing Committee also listened to the provincial government's report on agricultural production and supply and marketing of grain. Appointments and removals were also made at the session. Li Decheng was removed from the office of director of the Provincial Water Resources and Electric Power Department. He was replaced by Guan Zhizong. The session concluded yesterday.

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CSO: 4005/886

CENTRAL-SOUTH REGION

REGIONAL

GUANGXI RIBAO ON PROMOTING PARTY BUILDING, REFORM

HK010324 Nanning Guangxi Regional Service in Mandarin 1030 GMT 29 Jun 87

[Report on 29 June GUANGXI RIBAO editorial: "Strengthen Party Building, Speed up Reform"]

[Excerpts] The editorial said: The Guangxi Zhuang Autonomous Regional CPC Representatives Conference was a democratic and united conference. This important conference has enabled our region to further comprehensively understand and correctly implement the line adopted since the 3d Plenary session of the 11th CPC Central Committee. The conference called on the whole region's party members and people to greet the convening of the 13th National Party Congress with new achievements.

The editorial said: After taking part in reform for 8 years, the vast numbers of our party members are all deepening their understanding of reform. After being educated by facts, a number of comrades who once took a skeptical attitude toward reform, have changed their attitude, and have also recognized that only by promoting reform can we liberate the productive forces and find the way out. However, this definitely does not mean that all our people hold completely identical views on reform. Therefore, we must first deepen our party members' understanding of reform. While deeply opposing bourgeois liberalization, we must further emancipate the mind, get rid of rigid and ossified viewpoints, and strengthen our consciousness of reform.

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CSO: 4005/886

## HENAN REVIEWS SUCCESS, PROBLEMS IN PARTY RECTIFICATION

HK220255 Zhengzhou Henan Provincial Service in Mandarin 2200 GMT 20 Jun 87

[Excerpts] The 3 years 6 month party rectification work, in which 2.4 million party members participated, has concluded in Henan. The provincial party committee says in its summation of this work: Under the leadership of the CPC Central Committee and the central Commission for Guiding Party Rectification, thanks to the common efforts of the party committees and party members throughout the province, Henan has scored marked success in party rectification. There has been a change in the serious impurities in ideology, work style, and organization in the party. In particular, some useful experience has been gained in stepping up party building in the new situation. There are also some problems and deficiencies.

The summation says: The main achievements of this party rectification are shown in the following respects:

1. It has enhanced the party members' ideological and political qualities and strengthened their awareness of maintaining ideological and political unity with the CPC Central Committee.
2. It has resolved relatively well major problems left over from the Great Cultural Revolution. People of three categories have been seriously checked and verified, and the political situation of stability and unity has been consolidated and developed.
3. It has investigated and dealt with a number of serious abuses of power, violations of law and discipline, and grave bureaucratism on the part of some party-member cadres, together with some problems that have aroused strong reaction among the masses.
4. It has strengthened the concept of serving the people and promoted a turn for the better in cadre work style.
5. Organizational measures and reregistration of party members have been seriously carried out. Leadership groups have been further readjusted and strengthened, and the party's organizational building has been stepped up.

These achievements are mainly the result of adhering to the ideological line of seeking truth from facts, abandoning the leftist methods of the past, and

correctly handling the relationship between party rectification and reform and economic work.

The provincial party committee's summation also seriously points out the existing problems and deficiencies. The main ones are as follows: Not enough attention has been paid to erroneous trends in the ideological and political field, and action to correct them has been ineffective; party rectification work has not developed evenly, and some localities and units have not done enough in revealing verdicts on cases; there have been tendencies of excessive leniency in organizational measures and the reregistration of party members; and some units have even done the work in a superficial way. There are still many problems in party style, which fails to meet the demands of the CPC Central Committee and the masses' desires. The task of party building remains very heavy.

It is therefore necessary to regard this party rectification as a new start and to continually promote party building, closely centered on the two basic points of adhering to the four cardinal principles and persevering in reform, opening up, and invigoration. We must continually clear away interference from bourgeois liberalization and ossification, and strive to continue to promote party building, to ensure the all-round implementation of the line since the 3d Plenary Session of the 11th CPC Central Committee.

The provincial party committee has put forward the following views and demands in this respect: 1) Do a good job in resolving the problem of having the party govern the party. 2) Put the party's democratic centralism on a sound basis and exercise effective inner-party supervision. 3) Rule the party with strictness and strengthen discipline. 4) Continue to work to improve party style and resolutely correct unhealthy trends. We must consolidate and develop the fruits of party rectification in ideology, work style, discipline, and organization.

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CSO: 4005/886

## ERRANT TOWNSHIP OFFICIALS PUNISHED IN HENAN

OW031300 Beijing XINHUA in English 1228 GMT 3 Jul 87

[Text] Zhengzhou, July 3 (XINHUA)--The Fangcheng County party committee and government have decided to discipline leading officials of the Guzhuangdian Township and village leaders under its jurisdiction who have abused their power in handling the contracted sales of chemical fertilizer and diesel oil.

The controversy was started when a peasant in Henan Province wrote to Chinese Premier Zhao Ziyang late last May complaining that he could not get timely supplies of contracted chemical fertilizer and diesel oil for farm production.

As part of its rural economic restructuring, China now signs contracts with peasants for the purchase of grain and the supply of farm materials such as chemical fertilizer, diesel oil and gasoline. Formerly the state set compulsory grain quotas and issued all supplies.

Local authorities in Henan decided that when every 50 kilograms of what is sold to the state the seller is qualified to get three kilograms of chemical fertilizer under the state price, which is lower than the negotiating retail price.

But, the letter by a peasant from Guzhuangdian Township of Fangcheng County said his township leadership only gave 1.73 kilograms of chemical fertilizer for every 50 kilograms of wheat. The local sales department offered only one kilogram of fertilizer for every 50 kilograms of wheat.

The supply of diesel oil was even worse, said the letter. His oil coupon was supposed to be valid until the end of this year but the Guzhuangdian Township decided all oil tickets were good only until May 20.

When peasants heard of the ruling they tried to buy gas but the sales departments delayed the sales. The department was withholding sales until the farmers' coupons expired and they could be charged higher prices.

The letter pointed out the delays and extra costs would affect implementation of state policies in the countryside.

At a joint meeting to deal with the situation with participation of leading officials from the central departments concerned in the morning of June 16,

Vice-Premier Tian Jiyun said contracts supplies of chemical fertilizer under the state price is aimed at encouraging peasants' enthusiasm in farming.

The Fangcheng problem is not an individual case in the country. "We could never let it go on," he said.

According to its emergency notice issued on June 29, the State Council urged local governments to ensure supplies of farm materials to peasants.

It said some peasants have not received their contracted supplies of chemical fertilizer and oil, and local governments and departments under the State Council should solve the supply problem.

On the afternoon of June 16, the Ministry of Commerce immediately sent people to Guzhuangdian Township to investigate the matter.

The next day, Minister Liu Yi of commerce also led a group to inspect the implementation of the contracted sales of farm materials in Henan Province.

According to results of the investigation, in Guzhuangdian Township, 15,836 kilograms of chemical fertilizer and 6,519 kilograms of diesel oil were withheld and distributed to some township and village leaders.

Huang Ziyuan, deputy head of the township government, withheld 4,000 kilograms of chemical fertilizer for his own purpose.

Yang Guohan, former secretary of the Yangzhuang village party branch, gained 371 yuan (100 U.S. dollars) by selling contracted quotas of chemical fertilizer and diesel oil.

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CSO: 4000/118

## CHANGSHA PEDDLERS ROB PEASANTS OF GOODS

HK200854 Changsha Hunan Provincial Service in Mandarin 0000 GMT 19 Jul 87

[Text] The lawless activities of some peddlers gathering together to rob visiting peasants of their goods in Changsha City, and of disrupting the city's market order, have reached an intolerable level. The broad masses of the people have demanded that relevant departments seriously investigate and handle such lawless peddlers and destroy their overwhelming arrogance.

During our station reporters' visit to the (Shumulin) market yesterday, a person engaged in managing the market briefed them, saying: A number of self-employed peddlers are men of great nerve. They have robbed visiting peasants of all kinds of goods that the peasants had transported to Changsha, such as sugarcane, bananas, and watermelon, thus running wild and becoming absolutely lawless.

(Zhou Boding), head of the (Wulipai) industrial and commercial station, also briefed the reporters, saying: Over the past few days, there have been successive reports on visiting peasants engaged in selling watermelons in Changsha City being robbed of their watermelons and being beaten up and injured. On 13 July, when (Cao Sigui) and three other peasants from Jiangxi's Wanhai County were carting their watermelons to Changsha City, their cart was blocked near (Wulipai) by a group of self-employed laborers including (Lu Chunming). They lured three peasants away from the cart under the pretext of needing them to discuss the purchase of the watermelons, and took advantage of the cart being guarded by only one peasant to rob them of all their watermelons. Finally, the four peasants only got 200 yuan for their more than 10,000 jin of watermelons.

Similar incidents also occurred in the (Dongtang) market. (Zhang Jingrui) and a number of other people from the (Xiangdong) iron mine spent 4 days selling their watermelons at the (Dongtang) market. During these 4 days, there were more than 10 cases of people stealing their watermelons or robbing them of their watermelons. In addition, a number of lawless peddlers have frequently raised their hands to strike and hit out. Since 1 July, a self-employed laborer has on four occasions beaten up visiting peasants engaged in selling watermelons in Changsha City. The broad masses of the people have strongly demanded that the Changsha City government and relevant departments seriously investigate and handle these cases, conscientiously strengthen market management, safeguard market order, and protect legal business operations.

## BRIEFS

NANNING CITY'S DEATH SENTENCES--On the morning of 20 June, the Nanning City Intermediate People's Court held a mass rally at the auditorium of the city people's government to pronounce according to law the death sentences on Hu Tiansong, Ye Sheng, Zheng Chaodong, He Huanqing, and Lei Jingqing, who were convicted of intentionally killing people, and their political rights were deprived for life. During the mass rally, Song Weihai, who was also convinced of intentionally killing people, was sentenced to death with a 2-year reprieve together with the deprivation for life of his political rights. Zhou Minling, deputy secretary of the city party committee and secretary of the city political and legal commission, delivered a speech at the mass rally. When the criminals were being escorted out of the auditorium, the masses applauded the political and legal department's solemn and just verdicts on the criminals. [Excerpts] [Nanning Guangxi Regional Service in Mandarin 1030 GMT 21 Jun 87 HK] /6662

CSO: 4005/886

## BEIJING HOLDS PEOPLE'S CONGRESS MEETING

SK060342 Beijing BEIJING RIBAO in Chinese 24 Jun 87 p 1

[Text] After fulfilling its agenda, the 37th standing committee meeting of the 8th municipal People's Congress concluded on 23 June.

The meeting unanimously approved the "Resolution of the Standing Committee of the Eighth Municipal People's Congress on Safeguarding the Legal Rights and Interests of the Aged."

During the meeting, members examined and discussed the "Beijing Municipal Regulations on Preservation and Management of Cultural Relics (draft)," and heard an explanation about the draft regulations given by Zhu Changling, deputy director of the municipal Cultural Relics Bureau on behalf of the municipal government.

Zhu Changling said: The "Beijing Municipal Methods for Preservation and Management of Cultural Relics" approved by the municipal People's Congress Standing Committee in November 1981 was formulated before the state "Law on Preservation of Cultural Relics." The methods have played an important role in preserving cultural relics. However, because they were worked out rather earlier, and some new situations and new problems have emerged over the past few years, they require overall revision according to the state "Law on Preservation of Cultural Relics." The methods are composed of 19 articles, and the present regulations are composed of 56 articles in 10 chapters, which are more conformable in rules and layout with the "Law on Preservation of Cultural Relics." In addition, the regulations consist of more specific stipulations on the scope of cultural relics preservation, management systems, management funds, preservation of underground and scattered relics, and export of relics so that they are more compatible with actual work needs.

The meeting conducted conscientious examination and discussion on the draft regulations. The participating members held: Because Beijing is an ancient cultural capital, it is particularly important for it to strengthen the legislation and management of cultural relics. The draft regulations sum up the major experiences gained in the municipality's cultural relics work over the past 5 years, and therefore have a fairly solid foundation. The opinions of various quarters were solicited in the course of revision to make the regulations more mature. The regulations provide a fairly good basis for the concrete implementation of the state "Law on Preservation of Cultural Relics"

in Beijing, and are feasible. The members urged that after the regulations are put into effect, efforts should be made to conscientiously and strictly carry them out so as to preserve and manage well the cultural relics of the capital. In conclusion, the members approved the "Beijing Municipal Regulations on Preservation and Management of Cultural Relics" by a show of hands.

The meeting also heard a "Report on the Work Situation in the Comprehensive Development of Beijing's Municipal Construction and Opinions on Future Work" delivered by Ren Zhizong, deputy director of the municipal construction committee, on behalf of the municipal government.

The members held animated discussions over the report and offered many constructive opinions. Vice Mayor Zhang Baifa attended the meeting to hear the opinions.

The meeting approved the appointment of 11 chief procurators of the district and county people's procuratorates elected at the new people's congresses of the districts and counties. It also decided on other personnel appointments.

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CSO: 4005/889

## BEIJING: END-OF-TERM ELECTION OF TOWNSHIP PEOPLE'S CONGRESS

SK260312 Beijing BEIJING RIBAO in Chinese 15 Jun 87 p 1

[Text] The Beijing Municipal end-of-term elections of the district, county, township, and town people's congresses ended successively. More than 7,059,600 voters exercised their power as masters of their own affairs, and elected 4,875 deputies of districts and countries and 12,042 deputies of townships and towns in line with the law. The voting rate was 96.84 percent.

Election work began in January of this year. All districts and countries conscientiously implemented the spirit of "giving full play to democracy and managing things strictly in line with the law." Broad masses of voters actively participated in the election work and manifested their lofty political enthusiasm. It is reported that the number of preliminary candidates for deputy jointly nominated by the various district and county voters was generally more than 10 times or even 50 times that of the number of candidates to be elected as deputies. After repeated discussions and consultations, the voters finally determined 7,553 formal candidates to be deputies of district sand countries. Among the elected 4,875 district and town deputies, 13.73 percent were recommended by democratic parties and mass organizations and the rest were jointly recommended and nominated by the voters.

The elections proceeded in line with the law and the practice of voting from a larger number of candidates. During the first voting, 85 deputies of districts and counties were not elected because the qualifications of the candidates were similar and the number of votes was not concentrated. The electoral wards concerned conducted the second voting in line with the law.

The broad masses of voters displayed a high sense of political responsibility in the elections. Over the course of nomination, discussion, and consultation, they generally paid attention to electing those who have a strong ability to discuss and participate in political affairs and social activities and who can maintain close ties with the people to serve as deputies. The results of the elections show that the quality, knowledge, and age structures of the deputies were better than those of the previous term. Among the deputies of districts and counties, 1,337 persons have a college educational standard or above, an increase of 7.79 percent over the previous term of office, and 620 persons have a secondary vocational school educational standard, an increase of 3.32 percent over the previous term.

Among the elected deputies, 4,006 persons are under 55 years old, accounting for 82.17 percent of the total number of deputies, up 5.47 over the previous term. Among them, workers, peasants, intellectuals, servicemen, cadres, and various democratic party and patriotic personages, returned Overseas Chinese, Taiwan compatriots and their family members, and persons from the religious circles, all accounted for a fair proportion. Among the deputies of districts and countries, female deputies accounted for 24.02 percent, and deputies of minority nationalities 6.05 percent.

So far, most of the districts, counties, townships and towns have held their first meetings of their first people's congresses, and have elected, in line with the law, their leading organs of district, county, township, and town political power.

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CSO: 4005/889

## BEIJING ABOLISHES, MERGES NONPERMANENT ORGANS

SK200031 Beijing BEIJING RIBAO in Chinese 3 Jul 87 p 1

[Text] To fully exploit the role of various functional departments, raise their work efficiency, and overcome the defects of overstaffed organizations and confused functions and duties, the municipal party committee and government have recently decided to abolish or merge 41 nonpermanent organs. This is another important step of the municipality's structural reform.

To implement the guidelines of the State Council's Circular on reviewing nonpermanent organs, the Organizational Department of the municipal party committee and the office of the municipal Organizational Establishment Commission jointly conducted a survey of the nonpermanent organs of the municipality. The result of the survey shows: There are 71 such nonpermanent organs as "commissions," "offices," and "leading groups," consisting of 300 personnel. The annual subsidies given by the municipal financial departments to these nonpermanent organs to make up for their expenses amounted to 3 million yuan. Some of these organs have already fulfilled their tasks or have already lost their efficacy. At the same time, the work of some nonpermanent organs and other pertinent departments are duplicated.

In light of this situation, the municipal party committee and the government have determined to vigorously consolidate such organs, and conducted a study of the 71 nonpermanent organs. On the basis of the conscientious investigation and study and listening to the opinions of the departments concerned, the municipal party committee and the government have decided to abolish 13 and merge 28 nonpermanent organs. Viewing the problem that in the past few years, some nonpermanent organs were established in the course of being abolished and some were once again established after being abolished, the municipal party committee and the government have stressed the necessity of strengthening the administration over nonpermanent organs. From now on, no new nonpermanent organ should be established in general; and those deemed necessary must be established with the examination and approval of the provincial party committee and government. The newly established nonpermanent organs are forbidden to set up office. The work of abolishing and merging nonpermanent organs is now being conducted.

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## HEBEI SECRETARY'S SPEECH ON PARTY BUILDING

SK080305 Shijiazhuang HEBEI RIBAO in Chinese 19 Jun 87 p 1

[Comrade Xing Chongzhi's speech at the Hebei Provincial CPC Conference of Party Delegates: "Make Efforts To Improve the Building of Party Organizations in the Province to a New Level"]

[Text] On the afternoon of 18 June, Xing Chongzhi, secretary of the Hebei Provincial CPC Committee, delivered a speech at the provincial CPC conference of party delegates, in which he stated: On the basis of concentrating on conducting party rectification in an overall way and in line with the spirit of conducting reforms to create something new and of pioneering a road of advance, we should further upgrade party building to a new level to ensure the implementation of the party's line set forth since the 3d Plenary Session of the 11th CPC Central Committee and to promote steady progress in various undertakings of the party.

In this speech, Comrade Xing Chongzhi first put forward the task of upholding the four cardinal principles and continuously and firmly grasping party building. He stated: The major reasons why we have stressed this task are as follows: First, the conclusion of the concentrated drive of party rectification only means a new starting point in building the party in a regular manner and party building should be carried out in an unswerving manner. Second, a party in power should always attach great importance to party building. Third, the objective circumstance of the drive to conduct overall reforms and of the program of building the modernization has set forth new and higher demand for the task of party building. We should continuously enhance the regular building of the party in power under the circumstance of reforms and construction and truly build the party into a strong core that can take the lead in having the program of building the socialist modernization achieve healthy development and win a victory. This is an important and long-term task. Party organizations and the party's leading cadres at all levels must concentrate their main efforts on grasping party building and ideological and political work. Efforts should be made to regard the practical achievements scored in the work of party building as a major yardstick in measuring the achievements scored by the localities and units in the work of building party organizations.

In his speech, Comrade Xing Chongzhi stressed: The fundamental task of party building in the new historic period is to ensure the implementation of the

party's line set forth since the 3d Plenary Session of the 11th CPC Central Committee. He stated: The party's organizational line is decided by and should serve its political line. Therefore, ensuring the implementation of the party's line set forth since the 3d Plenary Session of the 11th CPC Central Committee is not only the guiding ideology but also the fundamental task of party building of the new historic period.

Now that we have ensured the implementation of the party's line set forth since the 3d Plenary Session of the 11th CPC Central Committee in conducting party building, we should first of all be clear about what is the party's line set forth since the 3d Plenary Session of the 11th CPC Central Committee and should conduct reeducation on the line inside the party. At the end of 1978, Comrade Deng Xiaoping put forward the principle of "emancipating the mind, using one's brains, seeking truth from facts, and uniting as one to look forward" at the 3d Plenary Session. Before long, he again put forward that carrying out construction at present should be suitable to the conditions of China and that we should work out "a Chinese-style way of modernization." In September 1982, Comrade Deng Xiaoping delivered an opening speech at the 12th CPC Congress in which he summed up the experience of the long history of China, particularly the basic experience gained in the drive to bring order from chaos and to conduct reforms and open to the outside world during the period since the 3d Plenary Session of the 11th CPC Central Committee. He also stressed that "we must proceed from the actual situation in China in building modernization," and that "we should integrate the universal truth of Marxism with the concrete reality of China, follow our own way, and should build socialism with Chinese characteristics." In line with the consistent ideology of the CPC Central Committee and particularly of Comrade Deng Xiaoping, the party's line set forth since the 3d Plenary Session of the 11th CPC Central Committee is one of seeking truth from facts, proceeding from the reality of China, and of building socialism with Chinese characteristics. In building socialism with Chinese characteristics and paying attention to the development of productive forces, we must enforce the general principle and policy of conducting reforms, opening to the outside world, and enlivening the economy. As Comrade Xiaoping stressed, the drive to conduct reforms must be a way traversed by our country in developing productive forces. Upholding the principles of conducting reforms, opening to the outside world, and enlivening the economy has been a basic point of building socialism with Chinese characteristics during the period since the 3d Plenary Session of the 11th CPC Central Committee. Furthermore, we should realize that reform, opening up, and economic invigoration constitute not only an issue of persistence but also an issue of orientation. Therefore, upholding the four cardinal principles is another basic point of building the socialist line with Chinese characteristics since the third plenary session. Though a 6-month education with positive examples, all people have profoundly and comprehensively understood the two basic points of the line defined since the third plenary session and their mutual relationships and became more conscious in implementing them. These two basic points supplement each other, are mutually related, and can be implemented without coming into conflict. They are an organic whole and are united in the course of building socialism with Chinese characteristics. The four principles are the fundamental principles for

founding and running the country, which we have been paying attention to. Reform, opening up, and economic invigoration are the new content of the line defined since the third plenary session as well as the general principles and policies for building socialism with Chinese characteristics. If we stress the basic point of the four principles at the expense of reform, opening up, and economic invigoration, it is impossible for us to implement the line defined since the third plenary session and to build socialism with Chinese characteristics. Reform and opening to the outside world are our general principles and policies. By no means should we consider them as specific policies and plans. However, we should take them as the basis while formulating specific policies. Considering them as specific policies and methods will lead us to belittle and negate reform. At present, the situation of stressing the four principles at the expense of reform and opening up actually exists. It is also wrong to consider the two basic points as the relationship between "implementing the open policy on a broader scale and retreating from it." Based on this viewpoint, it seems that when we stress reform and opening up we may neglect the four cardinal principles, and when we stress the practice of opposing liberalization we may neglect reform and opening up. This will set the two basic points come into conflict and isolated. [as received] In short, we should understand and grasp entirely the basic points of the line defined since the third plenary session. At present, there is one thing we must pay particular attention to. We should not waver in our determination on reform and slow down the speed of reform just because we oppose bourgeois liberalization. Reform should never be slowed down. Instead, it should be accelerated. When we wholeheartedly serve reform and opening up and actively develop productive forces, we should also uphold the four cardinal principles and oppose bourgeois liberalization. In reducing the markets of liberalization, we must first rely on education and second on reform. Only by conducting reform can we fully display the superiority of socialism and genuinely solve the problems of liberalization. In a previous period, the ideological trend of liberalization once ran rampant. However, this period did not last long and the trouble was soon over. Certainly, opposing bourgeois liberalization is a protracted struggle. We still have much to do. However, when the trouble is over, we should focus more attention on making reform successful.

In order to ensure the implementation of the party's line set forth since the 3d Plenary Session of the 11th CPC Central Committee, we should not only totally understand the line but also correctly launch a struggle between the two fronts by upholding the principle of proceeding from the actual situation. We should oppose the "left" as soon as it exists and the right as well. Some have held that upholding the four cardinal principles means opposing the right and that conducting reforms and opening to the outside world mean opposing the "left". This also is a one-sided viewpoint. Now that the spirit of upholding the four cardinal principles and the principle of conducting reforms and opening to the outside world have embodied each other--"this comprises that and that comprises this,"--both the spirit and the principle are involved in the issue of opposing either the "left" or the right. The spirit of upholding the four cardinal principles not only conflicts with bourgeois liberalization but also is incompatible with dogmatism and the ossified

viewpoint. If we take an ossified viewpoint in looking upon the spirit of upholding the four cardinal principles, we will solidify the spirit rigidly, hold that the spirit will be no longer enriched, and achieve no development, and will lose the vigor of integrating the spirit with concrete practice. Thus, we will certainly make a conclusion of eliminating the drive to conduct reforms. In order to promote the principle of conducting reforms and opening to the outside world, we should not only break with the outdated ideas and habitual influence behind the times but should also oppose bourgeois liberalization. If we take a viewpoint of liberalization in looking upon the principle of conducting reforms and opening to the outside world, we will certainly make a conclusion of negating the four cardinal principles and of putting an end to the direction of conducting reforms. Therefore, we should continuously overcome and resist the influence and interference of bourgeois liberalization and ossified ideas and continuously enhance our consciousness and distinguishing capability in this regard. Only by so doing can we totally and accurately implement the party's line set forth since the 3d Plenary Session of the 11th CPC Central Committee. At present, while concentrating more efforts on the drive to conduct reforms, we should pay special attention to preventing the interference of the "left". We should refrain from thinking that our major questions are changed just because our ideological and theoretical fronts have once again been swamped by the tide of bourgeois liberalization. The reason why we say so is that the problem in which the tide of bourgeois liberalization has run rampant is easy to be dealt with, could not occur at all, and is very possible to be avoided. Such a problem was completely due to the mistakes by the specific leading personnel. At present, "the problem in which the tide of bourgeois liberalization runs rampant" can be dealt with as long as we take a clear-cut attitude and are determined to grasp it. Our obstruction in the current drive to conduct reforms is very great and cannot be underestimated. Fundamentally speaking, the obstruction comes from the habitual influence and the outdated ideas. This means that it comes from the concerns of the "left". There are some considerably outdated and ossified viewpoints in the economic theory and system and some comrades have somewhat solidified these viewpoints in their minds. Some have regarded the principle of conducting reforms and opening to the outside world as the source of bourgeois liberalization, some have regarded the leasing and contract systems of enterprises as practicing "private ownership," some have regarded the plant-chief responsibility system as a trend of "removing the party's leadership from the plants," and some have put forward the demand of breaking with the "provisions" of the central documents to expand the drive to oppose bourgeois liberalization to the economic sphere. If we fail to deal with these problems, we will disturb or hinder the progress of the drive to conduct reforms. Compared with the advanced provinces and municipalities, our province was late in starting the drive to conduct reforms and has not sufficiently enlivened the economy. In particular, it has not taken a big step in opening to the outside world. In tracing these problems to their sources, we have chiefly found that our leading comrades are still being bound by various outdated and ossified ideas and lacking enthusiasm in reforms, and that many cadres in the grassroots level units and the masses also have various misgivings through they attempt to engage in reforms. By carrying out propaganda work and education on the

drive to conduct reforms, we should do a good job in dealing with these problems in order to deepen the drive to conduct reforms throughout the province.

In his speech, Comrade Xing Chongzhi also pointed out that to ensure the implementation of the line defined since the third plenary session in the course of building the party, we should exert utmost efforts to enhance the party's fighting strength and improve the ideological and political awareness of party members. In order to realize this objective, at present we must attach prime importance to grasping the following fields of work well: First, on the basis of enhancing the ideological and political awareness of party members, we should strenuously strengthen the party's ideological and theoretical construction. At present, we should continue to organize the broad masses of party members to do a good job in conducting education with positive examples and to depend on the study of theories and policies concerning reform. Party-member cadres should continue to study the two books on upholding the four cardinal principles and opposing bourgeois liberation and on building socialism with Chinese characteristics. Then, we should closely integrate the reality of construction and reform and actively intensify education on the party's basic knowledge, purpose, ideal, and discipline as well as professional ethics among the party members. Our province's theoretical ranks are loosely organized and weak. The theoretical study in particular lags behind the reality, thus affecting the deepening of reform. It is very imperative to grasp the building of a powerful Marxist theoretical rank which is composed of full-time and part-time personnel. Party committees at all levels, the propaganda departments of the party committees, and the departments concerned should strive to adopt a correct viewpoint (not concepts of liberalization or ossified concepts) to discover, select, and train competent personnel in the course of practice. Second, we should continue to grasp the building of party style, and further promote the party's fine traditions and workstyle. We should continue to pay attention to checking the unhealthy trends in the economic, political, and ideological spheres and in the organizational and personal affairs work. Continued efforts should be made to oppose ultra individualism of abusing one's power to seek personal gains and scrambling for fame, power and profit, serious bureaucracy and liberalization, and the corrupt workstyle of wasting public funds and property. The Discipline Inspection Commissions at all levels should realistically perform their duties, dare to break with the "network of connections" and "the barriers of human relationships," and strictly and conscientiously investigate and handle all cases of discipline violations. Party committees at all levels should actively support the work of the discipline inspection departments, and ensure that they fully exercise their power and display a greater role in party building. Third, we should better implement the principle concerning the four requirements for cadres and continue to strengthen the building of leading bodies at all levels. We must adhere to the principle of combining ability with political integrity, respect knowledge and competent personnel, and continue to discover, train, and select outstanding cadres in the course of national construction and reform. On the premise of maintaining a relatively stable leading body, we should continuously step up our efforts to reinforce and improve our leading

bodies at all levels and to make some necessary readjustments. It is necessary to improve the assessment system for cadres, the system of exchanging cadres in a planned manner, and the system of fixing a management target for organs. We should also actively explore a new method to reform cadres' personnel affairs system in order to make the organizational and personnel affairs work better suit the demands of the new period. Fourth, we should run the party strictly and further strengthen the party's organizational building and the building of law and discipline. At present, there are the phenomena of imperfect democratic life, lax organizational discipline, and failure in meting out strict awards and punishment systems, and in supervising and managing party members and party-member cadres. We should adhere to the principle of strictly running the party and realistically solve the problems well. To achieve this, first, we must genuinely perfect and implement the party's system of democratic centralism; second, we should strictly implement the system of holding inner party life meetings, conscientiously conduct criticism and self-criticism, and intensify the people's sense of political principles during the meetings; third, we should strictly enforce the party's discipline; fourth, we should strengthen democratic supervision in and outside the party; and fifth, we should actively strengthen the building of the party's grassroots organizations and fully display the role of the various party organizations as the fighting bastions.

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## HEBEI PEOPLE'S CONGRESS STANDING COMMITTEE MEETING ENDS

SK100718 Shijiazhuang HEBEI RIBAO in Chinese 28 Jun 87 p 1

[Excerpts] Having completed all items on its agenda, the 28th Standing Committee meeting of the 6th provincial People's Congress concluded on the afternoon of 27 June.

At the 27 June meeting, the participants adopted the "Hebei Provincial Regulations on Management of Collectively Run Mining Enterprises and Private Mining Trade," as well as some personnel appointments and removals.

Chairman Sun Guozhi presided over and addressed the meeting.

During the 5-day meeting, Vice Chairman Liu Ying relayed the situation of the 21st Standing Committee meeting of the 6th NPC as well as the speech made by Chairman Peng Zhen at this NPC Standing Committee meeting.

During the 28th Standing Committee meeting of the 6th provincial People's Congress, the participants listened to and examined the report on the implementation of the "PRC's Laws on Protection of Historical Relics" and the "Hebei Province's Regulations on Protection and Management of Historical Relics." The meeting's participants maintained that the province has achieved remarkable results in protecting historical relics according to law over the past few years. The province's organs and contingent in charge of management of historical relics have been strengthened constantly, and great achievements have been scored in the survey, management, and utilization of historical relics. However, the regulations concerning historical relics have not been implemented in an in-depth manner in some localities, and cases of refusing to strictly abide by the law and enforce it to the letter and, what is worse still, deliberately breaking the law have occurred again and again.

The meeting's participants also listened to the report on dealing blows to serious economic crimes by procuratorial organs throughout the province. They maintained: Since the beginning of 1986, procuratorial organs at all levels in the province have conscientiously implemented the related instructions of the party Central Committee and the provincial party committee by further strengthening procuratorial work for the struggle against serious economic crimes and by investigating and dealing with a large number of economic criminal cases according to law, thus dealing a stern blow to economic crimes and scoring great achievements in this regard. However, we should make a

clearheaded appraisal of the current situation in dealing blows to economic crimes, should fully understand the long duration, arduousness and complexity of the struggle against economic crimes, and should vigorously grasp major and appalling cases by overcoming complacency, laxity, and the fear of difficulty. At the same time, we should adopt effective measures in light of the new situations and new problems emerging in economic crimes in order to deepen the campaign of dealing blows to economic crimes.

One of the major topics under discussion during this meeting was to hear and examine the report of Vice Governor Zhang Runshen concerning antiflood work.

The meeting's participants pointed out: We must draw a lesson from the Daxinganling forest fire. Leading cadres at all levels should approach the antiflood work with an attitude of being highly responsible to the people, and should pay special attention to overcoming the bureaucratic style of work. Cadres and the masses should be educated to strengthen the sense of discipline, to submit themselves to a unified command, to adopt an overall point of view, and to overcome departmental selfishness by subordinating the partial interests to the overall interests. All related departments should vigorously support the antiflood work, and those who have damaged water conservancy facilities should be punished and dealt with according to law in a timely manner. The provincial People's Congress Standing Committee should earnestly perform its functions and duties, should strengthen the investigation and study of the antiflood work, and should intensify the inspection and supervision over the work.

Present at the 27 June meeting were Vice Chairman Wuiu Qingcheng, Guo Zhi, Yue Zongtai, Pan Chengxiao, Liu Ying, Zhang Kerang, Wang Yu, and Wang Youhui.

Attending the meeting as observers were Hong Yi, provincial vice governor; Wang Yugong, deputy president of the provincial People's Court; responsible comrades of the various departments under the provincial People's Congress Standing Committee; responsible comrades of the pertinent departments under the provincial government; and responsible comrades of people's congress standing committees of the eight cities under the jurisdiction of the provincial authorities.

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## SHANXI MEETING SUMS UP PARTY RECTIFICATION

HK170551 Taiyuan SHANXI RIBAO in Chinese 3 Jul 87 p 1

[Report: "Provincial Party Committee Takes Solid Measures To Consolidate and Develop the Fruits of Party Rectification"]

[Text] The provincial party rectification work summing-up conference concluded on the afternoon of 2 July in Taiyuan. The provincial party committee required that strict enforcement of discipline in the leading organs at and above the county level be taken as a major task for consolidating and developing the achievements of the party rectification at the present stage to ensure the successful fulfillment of the work in all fields.

Wang Senhao, a deputy secretary of the provincial party committee, presided over the meeting. Wang Maolin, another deputy secretary of the provincial party committee, made a speech.

During the work conference, participants seriously discussed the provincial party rectification work concluding report delivered by Comrade Zhang Changzhen on behalf of the provincial party committee, and they unanimously held that the concluding report is realistic and the assessment of the completed party rectification conforms with the actual conditions in this province. They also held that the measures for consolidating and developing the achievements of the party rectification and advancing party building in the future are feasible.

In his speech, Comrade Wang Maolin put forth the measures for dealing with the remaining problems after the end of the party rectification, and he required party committees at all levels to do their jobs well from beginning to end and efficiently solve the remaining problems.

Comrade Wang Maolin emphatically pointed out that although party style in the leading organs at and above the county level has made progress as compared with its state before the party rectification through the initial efforts to enforce party discipline, some units have not yet paid sufficient attention to the enforcement of discipline in the course of party rectification and a lax state in discipline enforcement still generally exists in many units. This is mainly reflected in the following facts: 1) Liberalism in political attitude. Some people adopt a pragmatic attitude toward the line, principles, policies,

and decisions laid down by the central leadership, and they carry out those which are in line with their personal wishes and defy those they do not like. They act in their own ways without regard to the instructions and orders from the central leadership. They are keen on spreading rumors and sowing discord among comrades. 2) The irresponsible and bureaucratic attitude in work. Some leading cadres are content with the present state of affairs and do not want to make any reform, and they cherish some ossified ideas. They are indifferent about the voice and the interests of the masses and have no interest in making investigations and studies when dealing with some important affairs. They make reckless decisions and cause serious losses. 3) Extreme egoism which is typically reflected in such actions as using official powers and functions to seek private gains. Some people place their personal interests above the interests of the party and the people; some people take advantage of the loopholes in the course of reform to seek illegal profits; and some people force party organizations to give them a higher official position, better treatment, and fame. Although the above-mentioned problems have just occurred among a small number of party members in a small number of leading organs, their harmfulness must not be underestimated. They have worsened our party style and general conduct in society, injured the prestige of the party and the government among the people, affected the consolidation of the results of the party rectification, disturbed economic construction and reform, and caused strong resentment among the masses. Therefore, the provincial party committee holds that it is necessary to concentrate on consolidating discipline in leading organs at and above the county level in the 3 months between July and September after the basic conclusions of the party rectification, with the focus on enforcing political discipline.

Comrade Wang Maolin said: The drive to enforce and consolidate discipline can be divided into the following steps: First, organize party members and cadres to study the Marxist-Leninist theory of party discipline, study the party constitution and the party's regulations on inner-party political life, and study a series of central instructions on party spirit, party style, and party discipline; help party members and cadres firmly establish the lofty ideal of communism and the principle of serving the people wholeheartedly; and make them fully understand the importance of strengthening discipline in the new historical period. Second, organize party members and cadres to examine their problems in the area of discipline by comparing their own behavior to the requirements set forth in the relevant documents, encourage them to make self-criticism and to help each other at the party life meetings, and seriously investigate and handle some major violations of discipline and law-breaking cases. Third, work out measures for solving the existing problems, and improve and perfect various systems. Through the consolidation of discipline, the following requirements must be met: 1) The party members and cadres generally raise the sense of discipline; 2) the leading organs and leading cadres at and above the county level can set a good example in observing discipline, and markedly improve their mental conditions and work style; and 3) the violations of discipline and law-breaking cases in various localities, departments, and units are properly handled, various systems and regulations are established and perfected, and loopholes are basically closed.

Comrade Wang Maolin required the organs directly subordinate to the provincial party committee to take the lead in consolidating discipline and set a good example for the whole province. He also required all party committees to effectively exercise leadership over this work and all leading cadres to play an exemplary role in setting strict demand son themselves and correcting their own errors so as to promote the discipline consolidation work in the units under their leadership.

In this speech, Comrade Wang Maolin also talked about how to fully and correctly understand the party's line since the 3d Plenary Session of the 11th CPC Central Committee so as to deepen the struggle against bourgeois liberalization, and about strengthening the propaganda for reform and the arrangements in the judicial work.

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## TIANJIN: MUNICIPAL PEOPLE'S CONGRESS COMMITTEE MEETING ENDS

SK291103 Tianjin TIANJIN RIBAO in Chinese 13 Jun 87 p 1

[Text] The 35th Standing Committee meeting of the municipal People's Congress ended yesterday.

Zhang Zaiwang, chairman of the municipal People's Congress Standing Committee, and Fan Quan, vice chairman, respectively, presided over the meeting.

The meeting heard a report by Wang Baozhen, permanent deputy commander of the municipal key projects headquarters, given on behalf of the municipal people's government, on "the municipality's construction of the 3-year gasification project." The meeting contended that under the leadership of the municipal party committee and the municipal government, and through the united efforts of the people throughout the municipality, we have scored a decisive victory in building the civilian gasification project. This project is a major matter not only to municipal urban construction, but also a good thing that benefits this and future generations. It is of great significance in promoting the municipality's four modernizations drive, raising the people's livelihood, and improving the environment. During their speeches, the committee members also offered many constructive opinions on how to ensure safety in future gas supply and how to do good job in production management, equipment monitoring, maintenance and management, as well as the comprehensive utilization of coal gas. On behalf of the municipal People's Congress Standing Committee, Chairman Zhang Zaiwan invited the municipal key projects headquarters to extend heartfelt thanks and cordial regards to all personnel who have participated in the gasification construction projects.

The meeting discussed and heard a motion on revising the article on temporary road occupation and excavation in the "provisional regulations on Tianjin municipal road traffic management," given by Xu Shuxin, deputy director of the municipal Public Security Bureau, and an explanation of it; and adopted a resolution on revising the aforementioned article. The meeting examined and discussed the revised draft regulations submitted by the municipal people's government on the appointment and removal of the Tianjin Municipal, district, and county people's government personnel and adopted a resolution on abolishing provisional regulations on the appointment and removal of the Tianjin Municipal, district, and county people's government personnel. The meeting also adopted a method on the appointment and removal of the Tianjin Municipal People's Congress Standing Committee personnel, the proposed

suggestions for handling the seven motions the 6th session of the 10th municipal People's Congress submitted to the municipal People's Congress Standing Committee for discussion, and matters on the appointment and removal of personnel.

Bai Hua, Zhao Jun, Liu Zengkun, Xu Ming, Han Tianyao, and Shi Jian, vice chairmen of the municipal People's Congress Standing Committee, attended the meeting. Lu Xuezheng, vice mayor, and Mao Changwu, adviser to the municipal people's government, attended the meeting as observers.

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## BRIEFS

BEIJING ELECTS NEW DEPUTIES--Beijing, June 10 (XINHUA)--Beijing voters elected 4,875 deputies to the new people's congresses at the district and county level, and 12,042 others to the congresses at the township and town level. An official of the Beijing municipal election office said here today that among the new deputies elected over the past five months are workers, farmers, servicemen, intellectuals, government officials, Taiwan compatriots and their dependents, returned overseas Chinese and religious figures. Women make up 24 percent of the new deputies, and minority nationality people, roughly six percent, the official said. The number of new deputies is 1,650 fewer than the previous congresses, but they are younger and better educated, he said. Those aged between 35 and 55 comprise 82.17 percent of the new deputies, compared to 76.7 percent in the previous congresses; and those with a college education account for 27.42 percent of the new deputies, up 7.33 percent. According to the official, 4,206 new deputies, or 86 percent of the total at the county or district level, were nominated by voters; and the other 669 were nominated by various parties jointly. He said that 96.84 percent of the people eligible cast votes. And 85 candidates in 85 of the 2,711 electoral districts failed to win half of the votes in the first round of voting, and other candidates replaced them on the ballot sheets in the second round of voting, in line with China's election law. [Text] [Beijing XINHUA in English 1440 GMT 10 Jun 87 OW] /6662

NEI MONGGOL PERSONNEL APPOINTMENTS, REMOVALS--It was decided by vote at the 23d Standing Committee meeting of the 6th regional People's Congress, which concluded on 13 July, and announced at the 6th regional People's Congress Standing Committee meeting on 15 July, that (Lin Baochun) was appointed director of the Nei Monggol Regional Coal Industrial Department; (Lin Hao) was appointed director of the Nei Monggol Regional Urban and Rural Construction and Environmental Protection Department; and (Tang Wanfu) was appointed director of the Nei Monggol Regional Foreign Economic Relations and Trade Department. It was also decided to remove (Song Hanfeng) from his post as director of the Nei Monggol Regional Coal Industrial Department; (Ren Jie) from his post as director of the Nei Monggol Regional Labor and Personnel Affairs Department; and (Li Shimin) from his post as director of the Nei Monggol Regional Foreign Economic Relations and Trade Department. [Text] [Hohhot Nei Monggol Regional Service in Mandarin 1000 GMT 16 Jul 87 OW] /6662

CSO: 4005/889

HONG KONG, MACAO

FORMER XINHUA MAN TAKES TOP POST IN LOCAL PAPER

HK090451 Hong Kong HONG KONG STANDARD in English 9 Jun 87 p 1

[Article by China editor, David Wong]

[Text] Mr Chen Bojian, a former top XINHUA NEWS AGENCY official in Hong Kong, is making a surprise return to take up a senior post with a local newspaper.

Mr Bojian, who left the territory in April on retirement from the agency, has been appointed vice-director of WEN WEI PO, one of the most influential leftwing newspapers here.

"His appointment has caught most people by surprise, and he is by far the most senior Chinese official to be offered the job," sources said.

Mr Chen was expected back earlier this month, but he has not yet arrived.

"His return is imminent--it could be in a couple of days," sources said.

Mr Chen, 65, a veteran journalist, had been at the helm of XINHUA's news department in Hong Kong since 1984. Its political arm is headed by Mr Xu Jiatun, China's chief representative in Hong Kong.

In an interview with THE STANDARD shortly before his departure, Mr Chen said he did not expect to return and he had no idea what he would do after retirement.

Mr Chen will be number two at WEN WEI PO, second to its director, Mr Li Tsu Sung. But Mr Li is understood to be playing a diminishing role in the newspaper's operation because of failing health.

"In other words, Mr Chen will become the de facto decisionmaker for all major policy directing the newspaper's future development," sources said. He is also expected to replace Mr Li when the latter retire.

The newspaper has embarked on a major offensive to expand its news coverage and business locally and overseas to compete with its main left-wing competitor, TA KUNG PAO.

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